FINANCIAL TIMES

Europe's Business Newspaper   TUESDAY NOVEMBER 30 1993   D8523A

World Bank urges China to maintain anti-inflation fight

The World Bank has urged China to stay the course in its inflation fight and has warned of the risks of a painful retrenchment if credit restrictions are eased prematurely.

The assessment seemed designed to bolster the arguments of those in the Chinese leadership advocating continued restraint. Page 16

VW may scrap spot welding: Volkswagen is considering progressively scrapping spot welding as a way of joining car body panels in favour of a self-piercing riveting process developed with a small Welsh company. Page 16; Rivet pioneers set sights on car industry, Page 7

Boost for Clarke: UK chancellor of the exchequer Kenneth Clarke was given a fillip before today's budget with further evidence that the UK economic recovery is continuing. Page 7

Deutsche Bank, one of the main critics of the restructuring plan for Italy's troubled Ferruzzi group, broke ranks with other leading foreign creditors and accepted the proposals. Page 17

'Super share' opposed: Fund managers and members of Australia's securities industry are strongly opposed to shares with "super voting rights", according to a poll which represents a further blow to the plans of Rupert Murdoch's News Corporation for an issue of shares with enhanced voting rights. Page 17

Sabena, Belgian state carrier, is to strengthen its links with Delta Air Lines of the US, including sharing the Brussels-New York route. Page 17

EU puts forward Bosnia peace plan

Croat president Franjo Tudjman (left) looks at a map of Bosnia at the start of peace talks in Geneva during which European Union foreign ministers put forward their "action plan" to end the war in Bosnia. They vowed not to lift sanctions against Serb-led Yugoslavia until Bosnian Serbs handed over land to their Moslem adversaries. Mr Tudjman reportedly gave his support to the EU plan. Page 3

New oil lows: Oil prices tested new five-year lows as markets continued to react to last week's decision by the Organisation of Petroleum Exporting Countries not to cut output. Page 32

Threat to Mideast deal: A fortnight before Israel is due to begin pulling troops out of the Gaza Strip and the West Bank's Jericho region, dissident members of the PLO's mainstream Fatah faction threatened to resume the armed struggle, and Israeli and PLO negotiators remained at loggerheads over crucial issues. Page 4

UK 'tunnel of fear': Three-quarters of UK adults are unlikely to use the Anglo-French Channel tunnel, according to a survey which shows that fear is a large element of their hostility towards the service, due to start next year. Page 7

Farm policy attacked: Austria and Finland have attacked the European Commission's proposals on farm support for prospective members of the European Union. Page 16

Pressure on Japan's carmakers: Japanese carmakers are coming under increasing pressure to consolidate their activities, amid a continuing slide in personal spending at home, the impact of the high yen overseas and the increased competitiveness of US manufacturers the US. Page 4

Escobar family 'sent back': The Bonn government put the family of fugitive Colombian drug baron Pablo Escobar on a flight back to Bogotá from Frankfurt after they had flown there at the weekend in an attempt to find a safe haven in Germany. airport sources said.

Worries on trade talks: Diplomats voiced fears that differences between the US and the European Union could sabotage ambitious plans to liberalise services in the Uruguay Round of trade talks. Page 6; Gatt reports, Page 6

FT statistics: The FT Guide to World Currencies, which used to appear on Tuesdays, is now published in Monday's paper. International economic indicators, which used to appear on Mondays are now in Tuesday's FT. Today they appear on Page 25.

■ STOCK MARKET INDICES		
FT-SE 100:	3135.8	(+24.4)
Yield	3.79	
FT-SE Eurotrack 100	1344.78	(-1.96)
FT-A All-Share	1543.27	(+0.7%)
Nikkei	16,078.71	(-647.66)
New York lunchtime:		
Dow Jones Ind Ave	3,688.78	(+1.?)
S&P Composite	464.76	(+1.70)
■ US LUNCHTIME RATES		
Federal Funds:	3¼	
3-mo Treas Bills: Yld	[illegible]	
Long Bond	100⅞	
Yield	6.194%	
■ LONDON MONEY		
3-mo Interbank	5¼%	(5¼%)
Liffe long gilt future:	Dec 118½	(Dec 115¾)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Jan)	$14.38	(14.46)
■ Gold		
New York Comex (Dec)	$380.4	(377.2)
London	$371.25	(377.0)

■ STERLING		
New York lunchtime:		
$	1.4?	
London:		
$	1.488	(1.48)
DM	2.5425	(2.5325)
FFr	8.7875	(8.75)
SFr	2.22	(2.2175)
Y	162.5	(160.75)
£ Index	81.8	(81.2)
■ DOLLAR		
New York lunchtime:		
DM	1.71	
FFr	5.905	
SFr	1.4933	
Y	109.3	
London:		
DM	1.7085	(1.7115)
FFr	5.905	(5.9125)
SFr	1.4915	(1.4975)
Y	109.25	(108.65)
$ Index	67.1	(same)
Tokyo close Y 109.29		

Austria	Sch30	Greece	Dr300	Lux	LFr65	Qatar	QR12.00
Bahrain	Din1.250	Hong Kong	HK$19	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 3.75	Slovak Rp	KSL45
Cyprus	C£1.00	India	Rs45	Nigeria	Naira45	South Africa	R12.00
Czech Rp	CZK45	Israel	Shk5.90	Norway	NKr16.00	Spain	Pta210
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Sweden	SKr16
Egypt	E£4.50	Japan	Y500	Pakistan	Rs35	Switz	SFr3.20
Finland	FM12	Jordan	JD1.50	Philippines	Pso45	Syria	S£30.00
France	FFr9.00	Kuwait	Fils600	Poland	Zl 32,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Esc215	Turkey	L6000
						UAE	Dh11.00

■ Peace 'a prize worth risks' ■ Documents outline secret contacts

UK open to Sinn Féin talks

By Philip Stephens in London, Jimmy Burns in Belfast and Tim Coone in Dublin

The British government last night declared it was ready to reopen contacts with Sinn Féin, the political wing of the Irish Republican Army, as hitherto secret documents suggested that the IRA had been on the brink of ending its 25-year campaign of violence in Northern Ireland.

Sir Patrick Mayhew, Britain's Northern Ireland secretary, gave an unapologetic defence of extensive secret contacts between the UK and Sinn Féin earlier this year. He said: "Peace, properly attained, is a prize worth risks".

This reinforced the impression in London that Mr John Major, the UK prime minister, believes the IRA might lay down its arms. The optimism was echoed by Mr Albert Reynolds, the Irish prime minister, who said there had already been a marked de-escalation of violence in recent weeks.

Papers released by the UK's Northern Ireland Office suggested there had been no large IRA attacks since November 12. Mr Major's office indicated that a declared cessation of violence lasting for two months might provide the background for formal talks with Sinn Féin.

That in turn raised hopes that Mr Major and Mr Reynolds might inject new momentum into the peace process in an Anglo-Irish summit which might still take place as early as Friday.

Sir Patrick's comments came after the startling disclosure that the UK government would have opened a dialogue with Sinn Féin as early as January 1994 if the IRA had kept an apparent pledge in early November to end its campaign. But Britain's account of the messages the two sides exchanged between February and November was challenged vigorously by Sinn Féin.

'The conflict is over but we need your advice on how to bring it to a close'
FEB 22 1993: message from Provisional IRA leadership

'We understand and appreciate the seriousness of what has been said. We wish to take it seriously'
FEB 26 1993: British message

'We believe the country could be at the point of no return'
NOV 2 1993: IRA message to the UK government, three days after unionist gunmen killed seven in an Ulster pub

'If a genuine end to violence is brought about within the next few days, a first meeting for exploratory dialogue would take place within a week of parliament's return in January'
NOV 5 1993: UK gov't document

Reuter — Press Association
Sir Patrick Mayhew (left) in the Commons. In Belfast, Gerry Adams gives his account of the secret talks

Secret contacts ______ Page 7

Mr Martin McGuinness, the leading Sinn Féin member involved in the contacts, accused Mr Major of fabricating some of the 30 or so pages of documents released in London.

Most of the messages conveyed by what the documents refer to as "The Provisional Movement" also suggest that the IRA had not shifted from its position that Mr Major must accept that Ulster will eventually be part of a united Ireland.

Sir Patrick said that if the IRA ended the violence permanently "the way would still be open for Sinn Féin to enter the political arena". He insisted that the UK government's basic conditions for bringing Sinn Féin into the political process had not changed.

The IRA would have to offer a permanent and demonstrable end to terrorism and the British government would not drop its constitutional guarantees on the status of Northern Ireland. That meant "the key to peace is in the hands of the IRA".

But if current efforts to bring an end to violence failed, the UK government would explore "again and again the opportunities for peace", Sir Patrick said.

The most revealing document released by the UK, dated November 5, sets out detailed arrangements under which the IRA would halt its terrorist campaign and enter into a "preliminary dialogue" in January 1994. Sir Patrick said the offer had been in response to an explicit commitment to peace three days earlier from the IRA – an explanation denied by Sinn Féin.

Despite its insistence that its basic conditions for Sinn Féin participation in talks on a political settlement had been as strong in private as in public, the documents revealed that the UK was prepared to offer considerable flexibility to Sinn Féin in arranging an end to hostilities.

It told Sinn Féin that a declaration of a cessation of violence could initially been kept private. The government would then be ready to enter into a "dialogue" within 2-3 months. Both offers appear to show considerably more flexibility than Mr Major has been prepared to admit in public.

EU airline crisis: cut capacity or end state aid?

By David Gardner in Brussels

France and the UK will today set out widely opposing views on how the European Union should respond to the financial crisis in Europe's airlines. Paris will call for capacity-sharing and an EU-backed plan to reduce capacity, while London will insist on an end to state aid.

Both members are due to present papers at a ministerial debate in Brussels preparing the ground for a report due in January on the future of the airline industry.

As losses among Europe's flag carriers grow, pressure is increasing to roll back some of the deregulation measures put in place over the past seven years.

The European Commission is firmly opposing any return to the old cartel structure of European air transport, with carriers colluding on setting fares and sharing passenger loads.

But Brussels still has to adjudicate on a queue of member government requests to inject finance into national airlines, including Air France.

The French paper says Europe is in danger of losing control over the airline industry in "a downward spiral of lower fares and ever-increasing losses" – over Ecu3.5bn ($4bn) on international business alone in the past three years.

European carriers have seen their share of international air traffic fall from 38.8 per cent in 1972 to 32.2 per cent last year. The number of flights using French airports increased by 54 per cent in 1987-92, but passenger numbers rose by only 33 per cent. The percentage of total capacity filled by airlines – the load factors – fell from 64 to 5? per cent over the same date the French paper s... capacity... tially below ... airlines and a Paris ... air traffic fees.

In the short term, France is seeking an EU-wide crisis plan to speed up the pace at which older aircraft are taken out of service. "The Council of Ministers [of the

Continued from Page 16

Bank lenders to probe Euro Disney finances

Audit will pave way for emergency restructuring

By Alice Rawsthorn in Paris

Euro Disney's bank lenders plan to commission a special investigative audit of the troubled leisure group's finances to prepare for negotiations leading to an emergency financial restructuring.

Walt Disney, the US entertainment company that owns 49 per cent of Euro Disney, presented its assessment of the company's finances this month to the 60 international banks within the lending syndicate. The banks now want to appoint their own team of investigative auditors.

"It's not that we have any doubts about the accuracy of Disney's figures," said one senior banker in the syndicate. "But the condition of Euro Disney has changed so dramatically since we first negotiated our loans (in the late 1980s) that we need to have our own numbers."

The team is expected to be named in Paris this week. The banks hope the audit will be completed before Christmas so they can start intensive discussions early next year with Euro Disney and its US parent.

Euro Disney desperately needs to restructure its finances. It has been badly affected by the European recession and recently announced a net loss of FFr5.3bn ($900m) for the year to September 3. There are fears that the group could face a cash crisis early n... year, but Walt Disney is ... ing it financially until ... per-

The Disney camp ... exchange suade the ban... FFr20.3bn net roughly half ... debt for equity, as part of the restructuring package which could also involve a rights issue.

The final composition of the package, however, will be influenced by the value of Euro Disney's shares, which have fall... steeply in recent week... from recovered yester... 1.75 FFr30.90 to finish ... include

The banks ... Dresdner Bank, Crédit Agr... Bank of Tokyo and Crédit ... ank, are now close ... Mid... a single steering committee to co-ordinate negotiations with the Disney camp.

At present the banks are divided into two main groups. One syndicate, led by Banque Nationale de Paris, represents the 39 institutions that helped to finance the construction of the EuroDisneyland theme park.

The second syndicate, with Banque Indosuez at its head, ... the 30 banks that provided capital for the Euro Disney hotels. Some banks are members of both groups.

But the banks are ... have agreed in principle to create a single steering committee, to be led by either BNP or Indosuez.

Euro Disney and Walt Disney will continue, meanwhile, ... negotiate separately ... that des Dépôts, ... FFr4.8bn of French ... rate debt. hold...

World stocks, Section II

Share plunge fails to prompt Japanese government action

By William D... ...ne in Tokyo

The Japanese government maintained a cool stance yesterday after share prices fell to the lowest level for a year because of gloom over the coalition's reluctance to offer an economic growth initiative.

The Nikkei 225 average fell by 1,000 points at one stage, recovering slightly to end at 16,078.71, down 647.66 points or 3.9 per cent. That left the average 24 per cent below its mid-September high for the year. Yen bonds rose to a six-year high as investors sought an alternative haven for cash.

Mr Morihiro Hosokawa, the prime minister, said the government was planning no measures to support share prices, in contrast to the previous Liberal Democratic party government, which poured public cash into the market early this year in a temporarily successful attempt to lift prices. "Supply and demand are up to the market, so we will continue to monitor it," said Mr Hosokawa.

Senior finance ministry and central bank officials admitted they were worried about the fall in share prices but planned no direct action.

"We will use all means at our disposal, political, fiscal and tax, to help the economy," said Mr Masayoshi Takemura, chief cabinet secretary. "The level of stock prices is not something the government should act on directly."

Last week's string of poor banking results and mounting bad debts were factors in the share price fall. There was also growing disappointment that the government has not yet specified a date or amount for an income tax cut, widely believed to be the only way to stimulate depressed consumer spending. The coalition is divided on how to fund an income tax cut.

"This is one of those very rare times when monetary policy is not working," said Mr Richard Koo, senior economist at Nomura Research Institute, referring to Japan's record low interest rates. "Now it is time for fiscal policy to act."

On average, Japanese companies reported a 23 per cent decline in pre-tax profits for the six months to September and expect profits to fall by 22 per cent in the full year to next March, the Wako Research Institute of Economics said.

An increasing number of companies are cutting jobs or pay to cope, providing another drag on growth. Half Japanese manufacturers cut overtime, hired fewer people or reallocated staff in the three months to September, up from 40 per cent in the previous quarter, said the Labour Ministry.

Markets, Section II

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Superstate nightmare troubles Hurd

By Gillian Tett

Mr Douglas Hurd, Britain's foreign secretary, yesterday criticised what he called the "nightmare" scenario of a European superstate, and declared he was confident that the "centralising tendency" in Europe was at an end.

Speaking in Bologna, Italy, in his first important speech on Europe since the German constitutional court ratified the Maastricht treaty last month, Mr Hurd insisted that the principle of subsidiarity should now be the touchstone for the European Union.

"Subsidiarity is not only about rolling back the frontiers of the Community, where these have advanced beyond common sense; it also means moving forward with a lightness of touch," Mr Hurd said in comments which resonated with the British government's relief that the pace of European integration had faltered in recent months.

Legislation was a key area where the powers of Europe should be trimmed, since EU legislation had now become so intrusive and extensive that it risked devaluing the EU's reputation, Mr Hurd said. He insisted Community legislation should be introduced only when it would do the "least possible violence" to national legal systems.

Foreign policy and employment law had to remain firmly in the domain of sovereign governments.

The narrowness of Maastricht ratification in Denmark, France, Britain and Germany served as a clear warning that "sharing of sovereignty and centralising tendency, has for the time being run its course", he said, citing labour costs and trade barriers as the key challenges now facing Europe.

Moldova brings in new currency

Moldova yesterday broke away from the Russian rouble zone and introduced its own currency, the leu, as the centrepiece of the government's new shock therapy reform programme, writes Jill Barshay in Kishinev.

Armoured trucks yesterday distributed 70m lei to Moldova's 4.3m citizens, who are imm... to change up to 70,000 converted interim currency accounts. ... to the leu ... will be ...

In the confused period ... ing up to the leu's introduction, the coupon has fallen dramatically on Kishinev's currency exchange auction, at which 11 banks that trade about $500,000 each week determine the Moldovan currency's exchange rate. The rate is currently 3,850 coupons or 3.85 lei to the $.

Spain angered by Belgian action over terrorist suspects

EU row blocks progress on asylum

By David Gardner in Brussels

Hopes that the European Union would speed up its faltering steps towards a common policy on asylum for non-EU nationals were blocked by a row about asylum for alleged Basque terrorists in Belgium.

Spain placed a general reserve on nine pieces of the asylum policy jigsaw. It argued angrily that Belgium's decision to consider two wanted members of the Basque separatist organisation Eta as possibly eligible for refugee status meant there was insufficient confidence between member states in each other's judicial institutions to proceed to a broader common policy.

The two suspects are wanted on suspicion of providing infrastructure for a separatist commando unit. They were arrested in Brussels in June, but lawyers acting for them have applied to Belgium's commissioner for refugees, who is independent of the government and has yet to pronounce.

The Dutch were also unable to agree on the asylum proposals, because almost alone among member states, they are obliged to inform their national parliament on the secretive deliberations of EU interior ministers.

Justice ministers, meeting for the first time yesterday as a formal EU council of ministers following the entry into force of the Maastricht treaty, did agree to seek a common approach to extradition which would effectively rule out any future political defence for criminal action inside the EU. But, for the moment, 11 member states are signed up to a separate Council of Europe convention which does allow for "political infractions"; the exception, ironically, is Belgium, which can not sign the convention because it retains the death penalty, although without applying it.

Ministers got further entangled yesterday when Spain also placed a reserve on setting up Europol, the EU criminal intelligence unit which last month's summit of the 12 heads of government agreed to locate in the Hague.

Spain has no disagreement on the substance of either the Europol or asylum proposals. The Netherlands, however, has objected that last month's summit surreptitiously reduced the number of official EU languages to be used by the new European trade marks office from nine to five (French, English, German, Italian and Spanish). This is holding up the establishment of the trade marks processing operation, which was allocated to Alicante, in Spain.

The Europol problem risks hindering the operations of a drugs unit set up earlier this year to develop a combined European strategy against narcotics trafficking.

Belgium wants stronger role for EMI

By Lionel Barber in Brussels

The Belgian presidency of the European Union yesterday called for a stronger role for the European monetary institute in the co-ordination of monetary policies and the management of the exchange rate mechanism.

Mr Philippe Maystadt, Belgian finance minister, said the ERM crisis and introduction of wider fluctuation bands last summer made closer co-operation imperative. Without "a significant qualitative improvement" in this area, the goal of monetary union by the decade's end could be at risk.

In a speech to the European Finance Convention in Brussels, Mr Maystadt also admitted that the January 1, 1999, deadline was more realistic than the original 1997.

He offered several proposals for filling the political vacuum in the wake of the August crisis which led to the introduction of 15 per cent fluctuation bands for ERM currencies.

- The EMI should be given "an explicit role" in decisions leading to the entry or realignment of an ERM currency.
- States with low inflation might consider aligning their monetary policies to a "common intermediate target", in which case the EMI might be allowed to issue joint statements on national policy decisions taken by central banks in this low-inflation zone.
- The ERM should be strengthened, possibly through a more equitable sharing of potential exchange rate losses arising from open-ended interventions. This is a response to Bundesbank criticism that its obligations to defend other currencies was undermining its domestic monetary policies.

The Belgian presidency is worried that Emu stage two could be a dead letter without an effective EMI.

Romanian unions in new strike

By Virginia Marsh in Bucharest

Thousands of Romanian trade union members yesterday threatened to launch a general strike and demanded the resignation of the government in the second large union action in 10 days.

Two of Romania's largest union confederations, called out thousands of members in Bucharest and other large towns in protest at an inadequate minimum wage, unemployment, corruption, the government's lack of a programme to relaunch the economy and its failure to achieve a dialogue with the unions.

Central bank officials said the increased labour militancy was "ominous" and warned that further pay increases would fuel already spiralling inflation. The statistics commission said yesterday year-on-year consumer price inflation jumped to 315 per cent in October, its highest in three years.

Associated Press

A German-registered car turns back after trying to cross the border at Nieuwe Schans in the northern Netherlands. German farmers angry over imports of Dutch pork and lost incomes blockaded the frontier with thousands of tractors yesterday

Russia restores import tariffs on some foods

By John Lloyd in Moscow

Russia is to reimpose import tariffs on a range of imported foodstuffs next month, Mr Yegor Gaidar, the first deputy prime minister, said yesterday.

Mr Gaidar said the tariffs would be low – but the move is a further sign of an increasing tendency on behalf of the government, including reformist leaders like Mr Gaidar, to protect Russian industry from foreign competition at a time when the demands of industrial lobbies are being pushed hard.

Mr Gaidar, as head of the Russia's Choice political group, is particularly vulnerable to calls for protection – having already promised the commercial banks relief from competition from foreign entrants to the Russian banking market.

A gathering of business leaders in the Enterprises for a New Russia group which supports the Party of Russian Unity and Agreement, yesterday called for further protection for the fledgling private businesses – and for a relief from taxes which, the group's leaders said, sometimes surpassed the level of profits.

Mr Gaidar said that "with a responsible majority" in parliament, inflation could quickly be brought down to around 15 per cent a month from its present levels of more than 20 per cent a month.

At the same time, the budget deficit for the last quarter of this year, which it had been hoped would be contained to Rbs5,500bn is set to grow to more than Rbs10,000bn, according to Mr Oleg Soskovets, another first deputy prime minister. Part of the increase, he said, was because of miners threatening to strike over unpaid wages, and to make good the debts of enterprises.

The cabinet is now showing considerable signs of disarray, as ministers – who have become leading figures in competing political group – find themselves unable to keep their differences out of the business of government.

Two leading ministers – Mr Boris Fyodorov, the deputy prime minister for finance, and Mr Alexander Shokhin, deputy prime minister for foreign economic relations, are clashing over which of them now has responsibility for talks on debt and on relations with the international financial institutions such as the International Monetary Fund and the World Bank.

The latest opinion poll for the election, from the All-Russia Centre for Research into Public Opinion, suggests Russia's Choice has a strong lead of 25.7 per cent – with the Yabloko bloc of Mr Grigory Yavlinsky at 17.9 per cent, the Communist party on 6.6 per cent, the Democratic party on 6.4 per cent, and the remaining nine parties far behind.

Kohl's party tries to avoid state poll

By Judy Dempsey in Berlin

Chancellor Helmut Kohl's governing Christian Democrats will try to prevent an early election in the eastern state of Saxony Anhalt after a financial scandal precipitated the resignation of the entire government at the weekend.

Elections are not due until next June as part of a marathon of federal and state elections being held against a background of declining support for the established political parties, in western, and particularly in eastern Germany.

Instead, the CDU, in an attempt to limit the political damage, has nominated Mr Christoph Bergner to replace Mr Werner Münch, the outgoing prime minister of Saxony-Anhalt, and form a new government.

The state audit office had last week confirmed that Mr Münch and three other west German ministers together paid themselves in excess of DM900,000 ($532,500) over a period of two years.

Polish sell-off runners under starter's orders

Christopher Bobinski on the privatisation scheme

P...nd's mass privatisation scheme has ... year gestation ... move into the final ... three ... labour. Today is the deadline for the acceptance of bids from would-be managers of 15-20 national investment funds (Nifs) which are being created to manage batches of 30 Polish state sector companies for the ... nomin... years. Shares in them ...

The main ... to all Poles for a ... tion is to get a large ... medium-sized Polish industry, which is still in profit, out of the state sector and under competent management, both foreign and domestic. The foreign managers are expected to make the companies involved more credible and thus ease the task of raising capital to complement and facilitate their restructuring.

The managers' task will be to enhance the Nifs' value. They will be paid an annual performance fee, in equity form, as well as a yearly management ... years a cash fee. After 10 the perform... payment based on will also be ... of the fund will be quoted ... The funds than later on Wars... rather ... stock exchange, giv... management ... indication of ... the market values their efforts.

Despite long delays caused by frequent changes of government and skirmishes with opponents, privatisation – which aims to sell around 600 companies in one go – is similar to that put forward in 1991 by the then privatisation minister, Mr Janusz Lewandowski, and advisers SG Warburg.

Part of the reason why even the new centre-left government is pressing ahead with the scheme is the firm backing given by the World Bank from the very beginning. The bank has made implementation a condition for drawing several tranches of a $450m loan. It also reflects awareness, shared by Mr Wieslaw Kaczmarek, the ... privatisation minister, is ... scheme's introduction ... test of the west as a litmus privatisation ... commitment to ... of putting Ni... home, the act ... hands of ordinary ... into the as a way of reconcili... is seen who have grown increa... suspicious of privatisation ... who can now be seen to be getting a small part of industry, free of charge, for themselves.

The new government, like its predecessors, is also looking to the European Bank for Reconstruction and Development to provide around $400m in loans to the companies involved. Other potential lenders in the government's sights are the European Investment Bank, the International Finance Corporation and the World Bank. Other aid bodies, including the UK government's "Know-how Fund" have already provided vital technical assistance.

The authorities say that around 50 consortia are "preparing to apply" to manage the ... But they will not reveal ... interest already declared an include ... Most groups will ... foreign partner such as an investment bank or consultants working together with local banks and consulting companies as well as accounting firms and lawyers.

A 19-person selection committee appointed by the prime minister, parliament and the trade unions will sift the applications and produce a list of applicants in order of merit with whom the privatisation minister will then negotiate final terms.

At the moment a list of 387 state sector companies is ready for inclusion in the scheme and new tranches are being prepared. The selection committee, which is being reappointed by the new prime minister, Mr Waldemar Pawlak, is expected to finish its work early in the new year. The funds should be up and running several months after that.

Kleinwort hopes stamina will bring big dividends

Anthony Robinson profiles one of the bidders

The investment management division of Kleinwort Benson, the London-based investment bank, will be one of the foreign institutions bidding for a mandate to manage one of the new funds. For Mr David Glasgow, the director who heads the bank's Polish operations, the bid represents the culmination of a commitment to the mass privatisation scheme which began in October 1990 and to which the bank has stayed faithful despite many setbacks and delays.

"We looked at the scheme and we liked it. It is clever, low risk and structured in a way which made it possible to sell to our board. It also fits into our global interest in joint venture deals in emerging markets," he says.

Part of the determination to stay the course stems from Kleinwort's conviction that it has found the ideal partner in the Polish Development Bank, a young private sector bank voted the country's best earlier this year by Gazeta Handlowy economic newspaper.

Having chosen a partner the Kleinwort team then spent much of last year "kicking the tyres" of 17 of the 180 companies then on offer for management by the putative funds. "We were encouraged because we found that although most of them were in a 'cash-gridlock' they were surviving, even though in some cases that meant just paying their staff and saying 'no' to the government's tax demands. What surprised us most favourably was the quality of management and the level of skills," Mr Glasgow adds.

Kleinwort is one of at least eight UK-based groups who were initially interested in taking a 10-year management role, even though the pay-off in regard to the capital gains on their end-of-term equity share-out remain difficult to quantify with any precision. Mr Glasgow believes that only five UK groups have stayed the course, along with Italian, Swiss, French, a few German and several US institutions.

The fund managers eventually chosen by the Polish authorities will not be able to cherry-pick the companies of their choice. They will end up with a mixed bag after an elaborate numbers game designed to ensure that all funds are a mixture of almost sure-fire winners and assorted "dogs".

The funds will put in management resources, "but you don't have to invest millions to get a pay-off", according to Mr Glasgow who has set up a management team staffed largely by bilingual Anglo-Poles.

Having been in on the scheme from the start, Kleinwort and other potential foreign participants were able to get several modifications to the original plan accepted by the Polish side. Most important was the change to closed-end rather than open funds, so enhancing the possibility of substantial capital gains for those who most successfully manage the assets shortly to come under their control.

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EU presents 'action plan' for Bosnia

By Laura Silber in Geneva

European Union foreign ministers yesterday put forward their "action plan" to end the war in Bosnia, vowing not to lift sanctions against Serb-led Yugoslavia until Bosnian Serbs handed over land to their Moslem adversaries.

Despite threats by EU ministers to suspend relief operations in Bosnia this spring if the warring sides fail to endorse a settlement dividing the republic into three ethnic mini-states, the leaders of the three communities yesterday appeared to remain far from agreement.

The Serbian president, Mr Slobodan Milosevic, and his Bosnian Serb proxy, Mr Radovan Karadzic, renewed their demands for the immediate suspension of United Nations sanctions before the Serbs made any territorial concessions.

Mr Alija Izetbegovic, the Bosnian president, said the mainly Moslem republic must receive additional land from the Serbs and access to Adriatic ports from the Croats.

Mr Douglas Hurd, British foreign secretary, yesterday said sanctions would remain in place until the Serbs fulfilled their pledges to hand over land in Bosnia. "The first move has to come from the Serbs' offer of additional withdrawal, once that offer had been implemented, and there was a ceasefire, and the aid was flowing freely, then we, the Europeans, would think that the Security Council should consider suspending sanctions," he said during the first all-party talks since the collapse of the peace process in September.

However, in a defiant speech, Mr Milosevic slammed the EU for doing "enormous harm" to his country.

A statement from the Belgian EU presidency outlined the "action plan", which also called on Croat leaders to fulfil their pledge for concessions on ports and on the Bosnian government to stick to its territorial demands of 3-4 per cent. The Croatian president, Mr Franjo Tudjman, and Mr Mate Boban, the Bosnian Croat leader, reportedly gave their support for the EU plan at the Geneva session, also attended by Moslem and Croat military leaders but boycotted by Bosnian Serb commander Ratko Mladic.

Mrs Sadako Ogata, UN high commissioner for refugees, accused all three leaders of reneging on their pledge of 11 days ago to allow the free access of humanitarian aid to some 3m people in Bosnia.

● Discussion of the latest EU-sponsored Bosnian peace proposals will continue in Rome today as EU foreign ministers, together with their US and Russian counterparts, join foreign ministers from the former communist states in a broader review of European and central Asian security issues at a meeting of the Conference of Security and Co-operation in Europe (CSCE), Anthony Robinson writes from Rome.

In search of fiscal wisdom for old age

Hugo Dixon on pensions policy in a world of ageing populations and big deficits

Pensions are already the single biggest item of government expenditure in almost all industrialised countries. As populations age and schemes set up after the Second World War mature, state pension transfers will consume an ever-increasing share of national budgets. On current trends, they will exceed spending on health care and education combined within the next 50 years.

These bald facts explain why most governments are considering revamping their pension systems. Without change, there are fears that ballooning pension budgets will become unsustainable. The next generation of workers may not be willing to pay the higher taxes or social security contributions that will be needed when the current generation of workers retires.

Politicians are reluctant to risk the electoral consequences of cutting back people's pensions. They also have little incentive to take painful decisions whose full benefits will only become apparent long after they have left office.

The policy questions surrounding pensions are complex. Pension policy has a powerful impact on the wider economy. In particular, it can affect retirement ages, savings and investment, the competitiveness of industry and job mobility.

Governments started to reform their pension systems in the 1980s. Japan, whose demographic crisis came early, curbed the generosity of its state scheme and raised the age of entitlement to pensions. In the UK, the Conservative government, driven mainly by an ideological belief in the superiority of private pensions, gave employees tax incentives to opt out of its state earning-related pensions scheme and promoted personal pensions.

Continental European countries such as France, Germany and Italy face the greatest pressure to change, partly because of the speed with which their populations are ageing (see chart). But their pensions are also especially generous, typically more than half final salaries.

The pressures are less intense in Anglo-Saxon countries such as the US, UK, Canada and Australia. Their populations are not ageing as rapidly and their state schemes are less generous, in part because of the greater role of private pensions.

Politicians have little incentive to take painful long-term decisions, the full benefits of which will only become apparent after they have left office

The main response of governments faced with such pressures has been to curb the generosity of their state pension schemes, while keeping their basic structure intact. They have included:

● Cutting the growth in benefits. The US has several times frozen benefits. The UK, which used to link pensions to average earnings, now uprates them in line with prices. The basic pension, currently 15 per cent of average earnings, is thus projected to fall to 7 per cent of average earnings over 30 years.

● Raising the state pension age. This saves money by cutting the number receiving pensions and governments hope it could reverse the trend towards earlier retirement in most countries. Japan has raised its pension age from 60 to 65. The US has chosen 67, though this will not come fully into effect for more than 30 years. Germany and Italy are also gradually increasing their pension ages to 65. Other countries plan similar action.

A more radical reform is to shift from state to private provision of pensions. It is possible to achieve this by allowing state pensions to wither and relying on people to get the message that they need to save for their retirement. Alternatively, governments can promote private pensions through tax relief for pension funds or by compelling people to save for their old age.

No industrialised country has made a wholesale switch, though Chile has done so by making private saving mandatory.

Private pensions mean there would be less need to raise taxes in future to finance the pensions of the growing number of old people. Enthusiasts also argue that, by saving for their pensions, today's workers would channel larger sums of money into productive investment so boosting long-run economic growth.

But private pensions do nothing to curb public spending in the short run, as those who have already retired still have to rely on taxpayers for their pensions. Moreover, they impose a greater financial burden on today's workers who have to save for their own pensions, as well as paying taxes for the pensions of those who have retired.

Advocates of private pensions point to their greater flexibility. Instead of contribution rates and pension ages being fixed by governments, individuals are able to choose how much to save and when to retire – though this is less so with occupational schemes than personal pensions.

Backers of state provision point out how successful it has been in reducing poverty in old age. Private pensions, they argue, are not well suited to tackling poverty because they cannot easily redistribute money from the rich to the poor. If people had to save for their retirement, the unemployed, women who stayed at home and those on low incomes would suffer. Large chunks of their savings could also be swallowed up in administrative fees.

This means that complete withdrawal of the state from pension provision is unlikely to be socially acceptable in most countries.

However, the state might reduce its commitment by guaranteeing a basic income for all old people, leaving additional saving to individual choice. However, if this basic income was set at a generous level, the cost could be high. If a low level was chosen, many pensioners could still face poverty.

An alternative is to target the state pension on those most in need, while giving nothing to those who have accumulated decent private pensions. But the danger is that people would have no incentive to save for their retirement. In Australia where state pensions are means-tested an increasing proportion of retired people qualifies because they ensure their wealth is invested in ways that do not feature in the test.

Compulsory saving would negate the choice and flexibility associated with private provision. From an individual's perspective, state-mandated contributions to private pensions might not look so different from taxes or social security contributions.

As short-term budget strains and long-term demographic pressures grow, governments are increasingly finding inaction is not an option. Whether by choice or force of circumstance, a shift from state to private pensions is probably inevitable.

This is the seventh article on welfare states around the world. Previous articles appeared on October 25, November 3, 8, 17, 19, 24.

Ruhrkohle move on four-day week

By Ariane Genillard in Bonn

Ruhrkohle, Germany's largest coal producer, is to discuss a proposal from IG Bergbau und Energy (IGBE), the mining industry trade union, for the introduction of a four-day working week in forthcoming talks with union representatives.

The union is hoping a shorter working week will avoid massive lay-offs facing the recession-hit industry. Ruhrkohle, which produces 80 per cent of Germany's hard coal, is due to axe 6,000 jobs in coming months.

The redundancies come on top of 20,000 jobs which must be eliminated between 1991 and 1995.

The move follows an agreement struck last week between the IG Metall engineering union and Volkswagen which will introduce a 28.8-hour week and lower wages in order to save up to 30,000 jobs.

Mr Hans Berger, president of IGBE, said the proposal from his union could save up to 10,000 jobs in the mining industry.

The union is also offering pay cuts of 5 per cent in the talks which will take place in two weeks, much lower than Volkswagen's proposed 20 per cent reductions.

However, officials in German coal mining groups warned at the weekend that the shorter week could only be a transitional measure to overcome the crisis hitting the domestic coal mining industry.

Unsold stocks have been piling up at coal mining companies as orders from steelmakers have plunged this year.

More falls in German steel production

By Ariane Genillard

West German steelmakers said production of hot-strip steel would fall by 15 per cent in the fourth quarter of 1993, compared with the same period last year, because of continued depressed demand, the German steel association said yesterday.

The reduction is higher than had been anticipated, reflecting dire market conditions, a spokesman from the association said. The reduction in hot-strip output for the whole year will amount to 12 per cent.

Steelmakers have complained that the failure of the European Commission to reach a European-wide agreement on reducing over-capacity in steel markets would lead to drastic consequences in the recession-hit industry.

Internal battles and voting reforms may spawn new parties

NZ politics enters period of turmoil

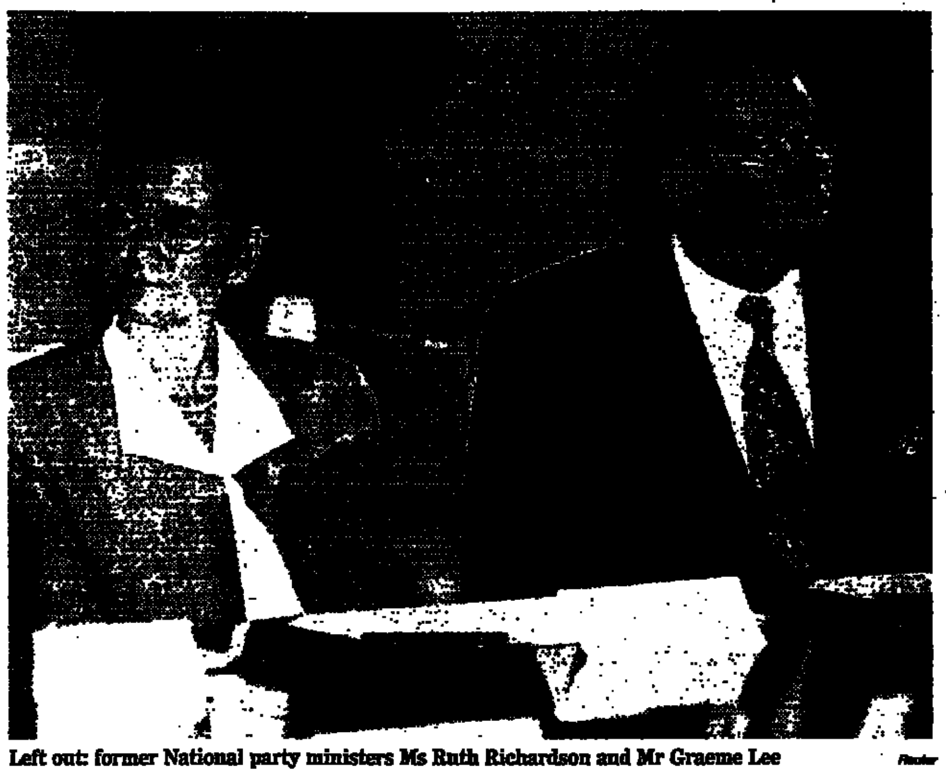
By Terry Hall in Wellington

New Zealand's two main political parties have each entered a period of turmoil. Prospects of a political realignment have increased, following the general election earlier this month which saw the right-wing National party hang on to power by a one-seat majority.

Mr David Lange, the former Labour party prime minister, said last night that an acrimonious brawl over the continued leadership of Mr Mike Moore, his successor, could wreck the party. The battle erupted within days of Mr Moore proclaiming that he had resurrected the party's fortunes by nearly winning the election.

Many see the struggle as the first in a series of party wrangles which will prompt members of the two main parties to form new political groups. Politicians are seeking to take advantage of the introduction for the next election of the German proportional representation system, which favours the development of small parties, rather than the Westminster-style two-party system which New Zealand has had for much of the post 133 years.

Divisions also exist within the National party amid speculation that a new hard-right party might be formed. Ms Ruth Richardson was toppled as finance minister by opponents within the party at the weekend.



Left out: former National party ministers Ms Ruth Richardson and Mr Graeme Lee Reuter

She has said she will not hesitate to vote against the government if it puts her economic policies at risk.

The new finance minister, Mr Bill Birch, is a close ally of prime minister Jim Bolger. Within New Zealand Mr Birch was considered the most powerful minister in the previous administration, not Ms Richardson, whose power ebbed after the government was forced to backtrack on some reforms she introduced in 1981.

Mr Birch was the architect of many reforms introduced over the past three years including the Employment Contracts Act which has effectively broken the power of the unions and cut wage costs. He also orchestrated changes in insurance and health to link them more closely to market forces.

The struggle within Labour between Ms Helen Clark, a left-leaning academic, and Mr Moore, a former trade unionist, has divided the party into two roughly equal factions. About half apparently want to follow Ms Clark, Mr Lange and others into turning Labour back to a centre-left group which is already pledging to raise taxes to help the under-privileged. Aligned against them are Labour MPs who supported economic reforms, as well as Maori MPs and a number of traditional union and other working-class Labour MPs.

In a letter of support for Ms Clark, who is standing against Mr Moore in tomorrow's caucus vote for leadership, Mr Lange accused Mr Moore of campaigning as if the Labour party was his own property. "He'd rather see the party wrecked than let caucus chose a new leader," he said.

The left wing argues that the party must refocus on its roots in order to survive under the proportional voting system; Mr Lange and others say the party must abandon the centrist approach favoured by Mr Moore of "being all things to all men". Mr Lange said on television last night that Labour could never govern on its own again.

China-UK rift cuts HK share prices

By Simon Davies and Simon Holberton in Hong Kong

Share prices in Hong Kong fell sharply yesterday as investors reacted to the apparent breakdown in Anglo-Chinese co-operation over the territory's political future.

Hong Kong's politicians called on Governor Chris Patten to give a full account of the talks when he appears before the Legislative Council (LegCo) on Thursday.

The Hang Seng index, the blue chip barometer of investor confidence, ended down 261.65 points, or 2.82 per cent, at 9,012.77. Traders attributed the fall to concerns about an aggressive reaction by China, as Mr Patten proceeds toward tabling his democracy legislation without Beijing's consent.

However, they said that unless China was prepared to sacrifice Hong Kong's economic well-being for political gains, other factors would prove more important. Mr Adrian Faure, head of research at Baring Securities, said: "There are two things that matter: interest rates and the Chinese economy. The rest of it is largely irrelevant."

Mr Richard Witts, managing director of United Mok Ying Kie, a local brokerage, said: "It doesn't really matter what Mr Patten does; it is how China reacts to it."

Exactly a year ago, China first threatened to damage Hong Kong's economy in retaliation for Mr Patten publicising his democracy plans. It questioned the Hong Kong government's right to develop the colony's next container terminal – the contract is still a matter of dispute.

Beijing limited itself to blaming Britain for the lack of progress in the 17th round of talks, which ended in the Chinese capital on Saturday. Britain offered an 18th round of talks but the two sides did not set a date.

Mr Jimmy McGregor, an elected member of LegCo, yesterday urged Mr Patten to push ahead with the first stage of his legislative programme. After these measures have been passed he should then seek to engage Beijing in talks about the more difficult issues dividing the two, he said.

Mr Tam Yiu-chung, a pro-Beijing legislator, said it was worrying that the UK and China had not given a date for future talks. He said if Mr Patten decided to table his reform bill, the talks would break down irrevocably.

Peter Wise adds from Lisbon: China said yesterday Britain was entirely to blame for the breakdown in talks. Mr Wu Jianmin, a Foreign Ministry spokesman, said Beijing was deeply disappointed by the collapse of the 17th round of negotiations and that "the responsibility lies solely with the British side," but declined to elaborate.

Mr Wu was speaking during a state visit to Portugal by Chinese President Jiang Zemin for talks on the transfer of Macao to Chinese rule two years after Beijing takes over Hong Kong in 1997.

No difficulties had been raised over the transfer of Macao and good relations between the two would ensure the territories' prosperity and stability, he said.

Negotiators at loggerheads

Israel pact on autonomy under threat

By David Horovitz in Jerusalem

A fortnight before Israel is due to begin pulling troops out of the Gaza Strip and the West Bank's Jericho region, dissident members of the PLO's mainstream Fatah faction threatened yesterday to resume the armed struggle, and Israeli and PLO negotiators remained at loggerheads over a number of crucial issues.

Mr Yitzhak Rabin, prime minister, said that while he still hoped all autonomy arrangements would be finalised in time for the December 13 start of the troop withdrawal, he did not intend to give ground merely to ease the negotiating process.

He said Israel needed satisfactory understandings on security for Jewish settlers and for other Israelis travelling on main roads of the occupied territories, on the precise Jericho boundaries and on control of the autonomous areas' external borders. It would be better to delay autonomy by two or three weeks, he said, if that would guarantee "a clear agreement which won't cause misunderstandings in the implementation".

Delegates from Israel and the Palestine Liberation Organisation resumed their autonomy talks in Cairo yesterday.

Mr Nabil Sha'ath, chief PLO negotiator, said there had been progress on the demand for release of the 10,000 Palestinians prisoners held in Israeli jails. But he said that "the Israelis are really not moving on the issues that separate us. . . There is the threat that Israel will not withdraw on December 13".

In the occupied territories there were signs of growing impatience at the lack of progress. On Sunday night, undercover troops shot dead a member of the Fatah Hawks in a Gaza refugee camp.

About 5,000 people attended his funeral yesterday, and members of the Hawks distributed leaflets announcing a return to the gun. Shots were fired at two Israeli police stations and three army bases.

Australian trade meets forecasts

By Nikki Tait in Sydney

Exports from Australia fell 3 per cent last month, but an even sharper 4 per cent decline in imports left the current account deficit roughly in line with market expectations.

The country registered a seasonally adjusted current account deficit of A$1.257bn (US$810m) in October, up from A$1.077bn the previous month, according to latest official figures.

Analysts expressed no surprise at the exports fall: the September figure had been boosted by a high level of gold sales, and the merchandise exports – at A$5.475bn – remains the second highest on record.

The fall in imports, down A$217m to A$5.317bn, was also partly explained by the timing of transport equipment deliveries. The seasonally adjusted balance of trade stood at A$158m, up A$48m on the September surplus.

Although the data was generally viewed as encouraging, the Australian dollar came under pressure, with Japanese selling blamed. BIS Shrapnel, the economic forecasting firm, also warned that long-term problems may be building up, given the low levels of business investment.

"By the end of 1995, strong growth and supply constraints will produce a surge in imports and a deterioration in the current account deficit to some A$23bn by the end of that year," it predicted.

● Opposition parties tried to capitalise on tension between the Australian government and Malaysia over remarks made by Mr Paul Keating, the prime minister, at the recent Apec conference in Seattle.

Mr Alexander Downer, opposition treasury spokesman, said that the prime minister should apologise over his comments about Dr Mahathir Mohamad, the Malaysian prime minister. He said that Mr Keating's description of Dr Mahathir as a recalcitrant for not attending the Asia-Pacific summit was putting export trade with Malaysia in doubt.

The opposition's call followed a move by Malaysia at the weekend to ban Australian-made television programmes and advertisements in protest at Mr Keating's remarks.

Assurance over Pakistan credit

By Farhan Bokhari in Islamabad

The Pakistani government yesterday acknowledged that government borrowings from the central bank had increased rapidly this year, but said it hoped the trend would change by next month, with new credit raised from non-bank borrowing and an increased flow of external commercial bank credits.

The former government of Mr Moeen Qureshi, the caretaker prime minister, had set a target of Rs20bn ($660m) for official borrowings for the whole year, down from last year's Rs65bn. However, during its three months in office his government borrowed Rs28bn, while the new government of Ms Benazir Bhutto has borrowed another Rs5bn, with almost seven months before the current fiscal year ends in June.

The borrowings have raised fresh concern that the government may not meet its crucial economic targets, notably reducing the federal budgetary deficit. Pakistan hopes to negotiate IMF and World Bank loans worth almost $1.5bn within the next three months, and reducing the deficit would be one of the most critical conditions.

Last year's deficit reached 7.5 per cent of gross domestic product, against a target of 5.5 per cent. Islamabad is trying to bring this year's deficit down to 5.4 per cent.

Mr V A Jafarey, the prime minister's adviser on finance and the *de facto* finance minister, said in an interview yesterday: "It is true that we have inherited a large increase in borrowings from the State Bank", the central bank. However, he hoped that the borrowings would start coming down within the next three weeks, once the government was able to raise fresh funds through officially backed savings schemes, bonds and external finances in the form of commercial bank loans.

Some officials expect further improvements in the country's economic performance in coming months, with a recent recovery in the foreign exchange reserves to some $800m, up from around $180m in July.

Iranian aircraft hijacked

An unidentified Iranian yesterday hijacked a government aircraft with 38 people on board during a domestic flight in Iran then surrendered after it landed in southern Iraq, AP reports from Nicosia.

The Iraqi news agency, INA, said the male hijacker gave himself up six hours after the twin-prop Fokker Friendship F-27, owned by Iran's Oil Ministry, landed in the Iraqi port city of Basra.

It did not say whether the hijacker was armed, or if any of the passengers were hurt in the ordeal. INA also did not say what the hijacker's demands were, except that he requested asylum in Iraq or any other country.

The hijacker's wife and five children were with him on the flight, INA said.

The agency said the aircraft landed in Basra following a request by Iranian authorities. Iran's official news agency, IRNA, said Iranian officials had requested that Iraq refuse to provide ground services for the hijacked aircraft.

Japan's carmakers seek alliances

By Michiyo Nakamoto in Tokyo

Japanese carmakers are coming under increasing pressure to consolidate their activities, amid a continuing slide in personal spending at home, the impact of the high yen overseas and the increased competitiveness of Detroit's manufacturers in the US, Japan's biggest export market.

In a deal revealed yesterday, Honda has agreed to supply Mitsubishi Motor with drive shafts for use in front-wheel-drive Mitsubishi cars. Neither company would reveal the volume or value involved.

The deal reflects a growing trend for Japanese carmakers to seek alliances with each other in a bid to reduce costs, make more efficient use of facilities and survive the downturn.

Honda will benefit from the economies of scale provided by a big buyer for its drive shafts, which the company has not sold to its competitors in the past. Mitsubishi, for its part, will be able to reduce its development costs.

The deal also indicates that the environment faced by Japanese car makers has become so tough that standard cost reductions by companies are in many cases not sufficient to enable them to survive the downturn.

Statistics yesterday showed that Japanese vehicle exports last month suffered the largest year-on-year fall on record. Automotive exports in October, including parts, were down 25 per cent in unit terms, according to the Japan Automobile Manufacturers' Association. In value, exports were down nearly 10 per cent.

The largest falls came in exports to countries of the European Union, which were down 42 per cent in the ninth consecutive year-on-year decline. Exports to the US and Asia fell 21 per cent. In the domestic market, vehicle unit sales fell 9.5 per cent.

Carmakers have been struggling to reduce costs and adjust production levels to meet lower demand. Mazda closed its factories yesterday for the second time this month to adjust inventories. Isuzu said it aimed to reduce its seasonal workers by 1,000, or 50 per cent, in a year.

Most car makers have also been standardising a large number of their own car components in an attempt to reduce costs. In Honda's new Accord model, for example, 50 per cent of the components are the same as those used in the previous model.

Earlier this year, Honda and Isuzu began providing each other with cars to supplement their ranges. Isuzu and Mazda also have an agreement to provide each other with engines.

CHANGES TO INDUSTRIAL STRUCTURE SEEN AS KEY TO GROWTH

Macroeconomic structural adjustment combined with microeconomic reforms would lift growth in Japan by about 0.6 per cent and reduce current account surplus to around 1.5 per cent of gross national product, a government advisory council says, Michiyo Nakamoto reports.

Failure to change industry's structure would leave the economy unable to "break out of the current impasse to achieve stable growth", warns the Industrial Structure Council, an advisory board to the Ministry of International Trade and Industry.

In a report released yesterday, the council – whose members include leading industrialists, such as Mr Akio Morita, chairman of Sony, labour leaders and academics – recommends Japan carry out substantial upgrading of the social infrastructure to stimulate domestic demand, implement deregulation to create new industrial fields and combat business practices which restrain competition.

Adopting such measures would take real economic growth rate to about 3.2 per cent in the years to 2000, instead of the 2.6 per cent or less expected if no action is taken; the council predicts Japan's current account surplus as a percentage of GNP would remain at a level that would continue to create friction with other countries.

Steep rise in China pay

Foreign companies operating in China are facing steep rises in local labour costs, according to a survey, writes Alexander Nicoll, Asia Editor.

The Wyatt Company, a US-based consulting firm, says salaries of Chinese nationals working for foreign ventures have risen 22 per cent this year, faster than the 15 per cent increase in 1992.

Foreign managers in Beijing have reported it is increasingly difficult to keep good Chinese staff because newly established enterprises lure them away with high salaries. Inflation is also a factor.

But salary levels are still low by western standards. A manager working for a foreign representative office earns about $7,800 a year including allowances, while a manager in a joint venture earns $3,000.

JRD Tata: symbol of the Indian spirit of enterprise

By Stefan Wagstyl in New Delhi

Mr J R D Tata, the urbane industrialist who headed Tata, India's largest commercial grouping, for more than 50 years and was a symbol of his country's entrepreneurial spirit, died yesterday aged 89.

Tributes flowed into Tata's Bombay headquarters, including a message from President Shankar Dayal Sharma, who said Mr Tata would "always be remembered for his patriotic services" in many fields.

Jehangir Ratanji Dadabhai Tata, the son of an Indian father and a French mother, was born in Paris in 1904 into one of India's wealthiest families. He made full use of the opportunities offered by his privileged life: businessman, pioneer aviator, and champion of many causes ranging from India's nuclear development to population control. He piloted aircraft until well past 80, skied until he was 85 and retained his seat on the board of Tata Sons, the group's core company, until his death.

He spoke French better than English and both better than any Indian language, yet he devoted his life to India. He stayed out of politics, but he often criticised India's socialist programme, an approach which cost Tata companies dear when it came to securing government investment approvals.

Flying was Mr Tata's passion. As a boy in France he watched Louis Blériot's earliest flights. In 1925, he became one of the first Indians to secure a commercial pilot's licence. In 1932, he founded Tata Air Services, a forerunner of Air India, the national flag carrier, and piloted its maiden flight. After the nationalisation of aviation in 1953, Mr Tata was made Air India's honorary chairman – a post he retained until 1978, when he was sacked by a government jealous of his influence. Mr Tata later said it was his life's biggest setback.

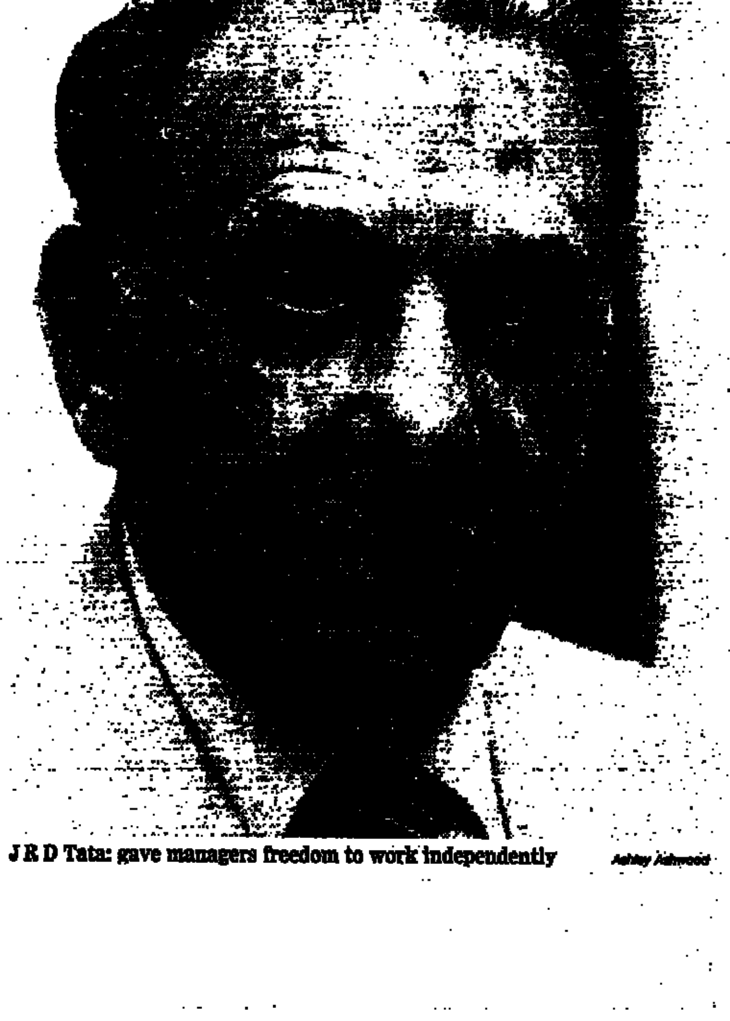
Mr Tata's business career began at 21 after he completed military service in France. Mr Tata wanted to go to Cambridge, but his father told him to move to India to join Tata as an unpaid apprentice in the group's steel business. A year later, Mr Tata's father died and Mr Tata inherited his seat on the Tata Sons board. In 1938, the chairman died and, at the age of 34, Mr Tata was chosen to succeed him.

Mr Tata ruled with a light hand and gave managers freedom to work independently. Just as Mr Tata pursued aviation, other executives expanded the group's interests in engineering, motors, chemicals, hotels and many other industries. As the group's sales rose to their current annual total of over $4.5bn (£3.04bn), so investments became increasingly diverse.

Until the late-1970s, Mr Tata's charisma held the group together. But in the 1980s, the group began to look increasingly incoherent, with its ageing managers often too busy guarding their own fiefdoms to respond to commercial challenges. Mr Tata was criticised for retaining to power for too long. In 1991 he finally handed over the chairmanship of Tata Sons to his cousin, Mr Ratan Tata.

Mr Tata gave much time to causes of national interest. In 1945, he set up the Tata Institute of Fundamental Research, a pioneer of India's nuclear programme. In the early 1950s, he was one of the first advocates of population control – an issue over which he quarrelled with Jawaharlal Nehru, who believed a large population made for a powerful country. In 1992, Mr Tata received the United Nations Population Award.

Mr Tata, who had no children but is survived by his wife, died in a hospital in Geneva, where he had gone for a holiday and for medical treatment.



J R D Tata: gave managers freedom to work independently Ashley Ashwood

Industrialists urge economic reform

By Stefan Wagstyl

Indian industrialists have urged the government to put economic reform back to the top of the political agenda following the ruling Congress (I) party's partial success in this month's state elections.

Industry leaders believe Congress has done well enough in the polls, for which vote-counting started at the weekend, to have taken the steam out of demands from the Bharatiya Janata party, the militant Hindu opposition, for an early general election. Businessmen now expect parliament to run its full term to 1996, giving Prime Minister P V Narasimha Rao and colleagues time to press on with reform.

"I hope the next 2½ years will be assigned only to economic reforms," said Mr S K Bhargava, chief executive of Eicher, an engineering group. Mr K N Memani, president of the Federation of Indian Exporter Organisations, said the results should give Congress enough comfort to go ahead with reform.

In Bombay, stockbrokers expected the results to give a further boost to the stock market, where prices have risen by an average of 23 per cent in the past three weeks, as measured by the Bombay Stock Exchange's index of leading stocks. The market was closed yesterday for a religious holiday. Shares are in the middle of their biggest rally since last year's scandal in the interbank securities market triggered a prolonged sell-off.

The elections are a delayed consequence of the storming of the Ayodhya mosque last year by militant Hindus. Soon after the sacking, the BJP-controlled assemblies in four northern states – Uttar Pradesh, Himachal Pradesh, Rajasthan and Madhya Pradesh – were suspended by the central government for allegedly supporting the mosque's destruction. The elections were for new assemblies for these states and in two others – the city of Delhi and the small north-eastern state of Mizoram.

In the states where counting began at the weekend, Congress has won Himachal Pradesh and won enough seats in Rajasthan to rob the BJP of an outright majority, though the BJP may still form a government with support from independents. In Uttar Pradesh, the BJP has lost its majority and control is likely to pass to an anti-BJP coalition led by Mr Mulayam Singh Yadav, head of the Samajwadi party, a populist grouping representing lower castes. The BJP has swept control of Delhi, where elections were held for the first time after 40 years of central rule.

Canada sees sharp rise in budget deficit

By Bernard Simon in Toronto

Canada's budget deficit will be almost 40 per cent higher in the current fiscal year than previous estimates, Mr Paul Martin, the finance minister, said yesterday.

Blaming a combination of over-optimistic forecasts by the previous Progressive Conservative government, a burgeoning underground economy and unexpectedly large tax refunds, Mr Martin said that the shortfall for the year to March 31 was now projected at C$44bn-C$46bn (£22.3bn-£23.3bn).

The Conservatives last spring forecast a deficit of C$32.6bn for this fiscal year.

"We are going to have to restore control over the nation's finances," Mr Martin said. The new Liberal government last month revised the estimate for the 1992-93 deficit upwards from C$35.5bn to C$40.5bn.

The revised forecasts, which were widely leaked last week, had a limited impact on financial markets yesterday. By midday, the Canadian dollar had lost about a third of a cent to 74.90 US cents.

The size of Canadian federal and provincial budget deficits has for some time been a source of concern to foreign investors. Standard & Poor's, the rating agency, last week downgraded Ontario's credit rating.

Mr Martin's strategy for containing the deficit will emerge in his first budget, due to be tabled early next year. But he reaffirmed yesterday the Liberal election campaign pledge to bring the budget deficit down to 3 per cent of gross domestic product by 1996-97 from 5.9 per cent last year. He added however, that achieving this target "will not be easy, to say the least."

One economist said he was encouraged by signals that the Liberals plan to overhaul the budget-making process and seek a more co-operative approach in fiscal policy between Ottawa and the provinces.

The Conservatives consistently failed to meet their deficit-reduction targets during their nine years in office. The budget estimates made earlier this year were based on a 1993 growth rate of 2.9 per cent, rising to 4.6 per cent in 1994. These forecasts have now been scaled back to 2.5 per cent and 3 per cent respectively.

Mr Continuity set to succeed Salinas

By Damian Fraser

The atmosphere at the headquarters of Mexico's ruling party on Sunday night was jubilant; Mr Luis Donaldo Colosio, the former party leader and favourite of the rank and file, had defeated his rivals to be declared the nominee to succeed President Carlos Salinas next year.

While erstwhile competitors for the nomination may have higher intellectual reputations, none enjoyed Mr Colosio's broad party support, his mix of technical and political skills, nor, above all, had they shown such unwavering loyalty to Mr Salinas's economic and political goals.

In the end such qualities won the 43-year-old social development minister the presidential nomination, which is traditionally in the gift of the outgoing president. With the Institutional Revolutionary Party in power for the last 64 consecutive years, and more popular than six years ago, Mr Colosio is overwhelming favourite to become president after the election next August.

"Mr Colosio is known by all of us and we will work for him," said Mr Mario Ruiz, municipal president from Naucalpan, in the state of Mexico, one of the thousands of PRI supporters who had come to pay their respects to Mr Colosio. "He will follow the same line as Salinas because his is a project over generations."

Colosio: broad party support, technical skills and unwavering loyalty to the president win the day

Mr Colosio's total fidelity to the current president and reticence in public about his own ideas have raised questions about whether he has the independence of mind to lead Mexico into the next century. His long experience in government has given few clues of how he would lead the country for another six years.

"It is a huge mystery what he believes in," said one ministerial colleague from a rival team before his nomination. The minister, like others, argued that Mr Colosio's lack of enemies indicated that he was afraid of making tough decisions. Some question Mr Colosio's record in government, which over the last year has consisted mainly in spending a lot of money on public works projects.

But in his acceptance speech on Sunday night, Mr Colosio did give some clues as to how he would govern Mexico. He strongly endorsed Mr Salinas's pro-market economic policies: "I have seen the social cost of mistaken policies and the awakening of hope from correct policies," he said. "Discipline in public finance has come never to leave again."

Mr Colosio pledged himself as a continuation of Mr Salinas's anti-poverty programme, which he said would become the backbone of the new government. Many have criticised the programme, including, privately, at least one cabinet member, as too centralised around the president and responsive to political rather than social development needs.

The greatest change from Mr Salinas may lie in Mr Colosio's attitude to the capital and the regions. Mr Salinas's economic revolution has been top-down and highly centralised. Governors who have fallen out of favour have been dismissed and states given almost no power to raise their own money.

Mr Colosio is from the agricultural north of Mexico, from a small village, Magdalena de Kino in Sonora, not far from the border with Arizona. He is thought to find Mexico City and its domination of Mexico stifling and unhealthy. He said in a recent interview that were he elected president he would give more independence to state governors and perhaps allow them to raise property taxes. He said he would encourage them to deregulate the state economies as had been done at federal level.

Like the other leading members of Mr Salinas's cabinet, Mr Colosio is a US-trained technocrat – he has a graduate degree in regional development and urban economics from the University of Pennsylvania. Unlike them he has held elective office, having been both a deputy and a senator.

He started working with Mr Salinas in 1979 in the budget ministry and has been a close colleague since. As head of the PRI he presided over the party's first-ever defeats in governor elections, which he presented as victories for democracy, and a convincing win in federal elections for local deputies, described as a vindication of Mr Salinas's economic reforms.

Since last year he has been in charge of the social development ministry where he has had a multi-billion dollar budget to reduce poverty, improve the environment and build houses and other infrastructure projects. The spending has helped him solidify political alliances across the country, and gave him a seat on the economic cabinet.

Religious test for Supreme Court

By Jurek Martin in Washington

The US Supreme Court yesterday accepted for judgment next year a controversial case which appears to cut to the heart of the US constitutional division between church and state.

The case concerns the establishment in 1989 by the New York State legislature of a special school district in Orange County, 40 miles from New York city, catering to the needs of the disabled children of an Hasidic Jewish sect which makes up most of the population of a local village.

Most of the children attend private religious schools but about 220 physically handicapped children were taught at a local state school. However, their parents withdrew them on the grounds that their lessons were incompatible with their strict religious beliefs, leading the legislature to create a special district.

This was challenged by the state board of education on the grounds that government thus violated the constitutional separation of church and state. State courts upheld this argument, but lawyers for the Hasidic sect, backed by the New York attorney general, Mr Robert Abrams, petitioned the Supreme Court for a review.

The relevant Supreme Court ruling appears to be its 1971 judgment (Lemon vs Kurtzman) against goverment laws and practices which advance or promote religion or entangle government in religious affairs.

Mr Abrams's brief maintains the creation of a special school district had no wider impact and "has, at most, the effect of accommodating the needs of a community of devoutly religious people."

Democrats drop lawsuit

The Democratic party in New Jersey has dropped its lawsuit seeking to invalidate this month's election to pick the state's new governor, in which Mrs Christine Todd Whitman, the Republican candidate, defeated incumbent Governor Jim Florio, reports George Graham from Washington.

The suit had been filed after Mr Ed Rollins, Mrs Whitman's campaign manager, said the campaign had paid black preachers to stop their congregations from voting.

Mr Rollins later said under oath that he had made this up to taunt Mr James Carville, who managed Mr Florio's campaign. New Jersey Democratic leaders concluded that they could not prove the Republicans paid to suppress black votes.

Honduras poll win for Liberal

By Edward Orlebar in Tegucigalpa

Mr Carlos Roberto Reina of the centre-right Liberal party has ousted the National party in a landslide presidential election victory in Honduras.

With 80 per cent of the vote counted, according to the national electoral tribunal, he was leading his chief rival Mr Oswaldo Ramos of the governing conservative National party by 52 per cent to 41 per cent, the largest margin since civilian government was restored in 1981.

The Liberal party was also expected to secure majorities in congress and the municipalities from Sunday's vote.

Mr Reina, an urbane 67-year-old former president of the Inter-American Court of Human Rights, said as he claimed victory that he would implement a "moral revolution" in public service.

He has promised to attack rampant government corruption, and reform partisan state institutions, including the judiciary and the national electoral tribunal which organises elections.

According to a political analyst close to the Liberals, Mr Reina's chances of implementing the reforms will depend on how quickly and effectively he can create his own team and marginalise traditional party barons.

Despite accusations from Mr Ramos that he was a communist, Mr Reina, who takes office in January, has said he will continue to honour Honduras's $3.6bn foreign debt, and the structural adjustment programme with the Washington-based international financial institutions. He said he would, however, add a "human face" to the programme – which may be difficult in the face of declining foreign aid.

The plan was implemented in 1990 by President Rafael Callejas of the National party, who renegotiated foreign debt and paid some $800m in arrears, began a privatisation programme, and liberalised the economy.

Although the economy has stabilised this year and the government is predicting 6 per cent growth, rising prices of basic foodstuffs, a swift devaluation of the lempira, plus an increase in poverty, produced a "punishment vote" against the National party, say observers.

The country of 5.5m people has some of the poorest social indicators in the Americas. Despite a growth in non-traditional exports, including shrimp and melons, it remains captive to the volatile prices of coffee and bananas, which account for almost two-thirds of exports.

One central challenge for Mr Reina will be to reform the Honduran army, the dominant political force in recent decades.

Fears grow over services liberalisation

By Frances Williams in Geneva

GATT

Trade diplomats yesterday voiced fears that continuing differences between the US and the European Union could sabotage ambitious plans to liberalise services in the Uruguay Round of global trade talks.

With just two weeks of negotiating time left before the round ends in mid-December, divisions between the two biggest traders over financial services, ocean-going shipping and audio-visual services seem as intractable as ever.

Negotiators say failure to resolve any one of these issues would almost certainly lead to that sector being pulled off the table, with the risk that the others would follow.

"We might end up having no deal at all in services", one senior trade official warned yesterday, as US and EC services negotiators converged on Geneva in an effort to make progress before tomorrow's crucial meeting in Brussels between Sir Leon Brittan, EU trade commissioner, and Mr Mickey Kantor, US trade representative.

Mr Lawrence Summers, US treasury undersecretary for international affairs, and Mr Rufus Yerxa, US deputy trade representative, yesterday met Mr Peter Sutherland, head of the General Agreement on Tariffs and Trade, and key trading partners, including the EU, to explain Washington's controversial plan for two-tier access to the US financial market.

The proposal, which has aroused a storm of protest from Gatt members, would distinguish between countries that have or have not, in Washington's judgment, made adequate market opening offers of their own. While all countries would be given equal access to the present US market, only those with adequate offers would be able to benefit from future liberalisation.

The EU has already said the two-tier idea is unacceptable, and a number of developing countries have threatened to take their own financial services offers off the table, the exact reverse of what the US hoped to achieve.

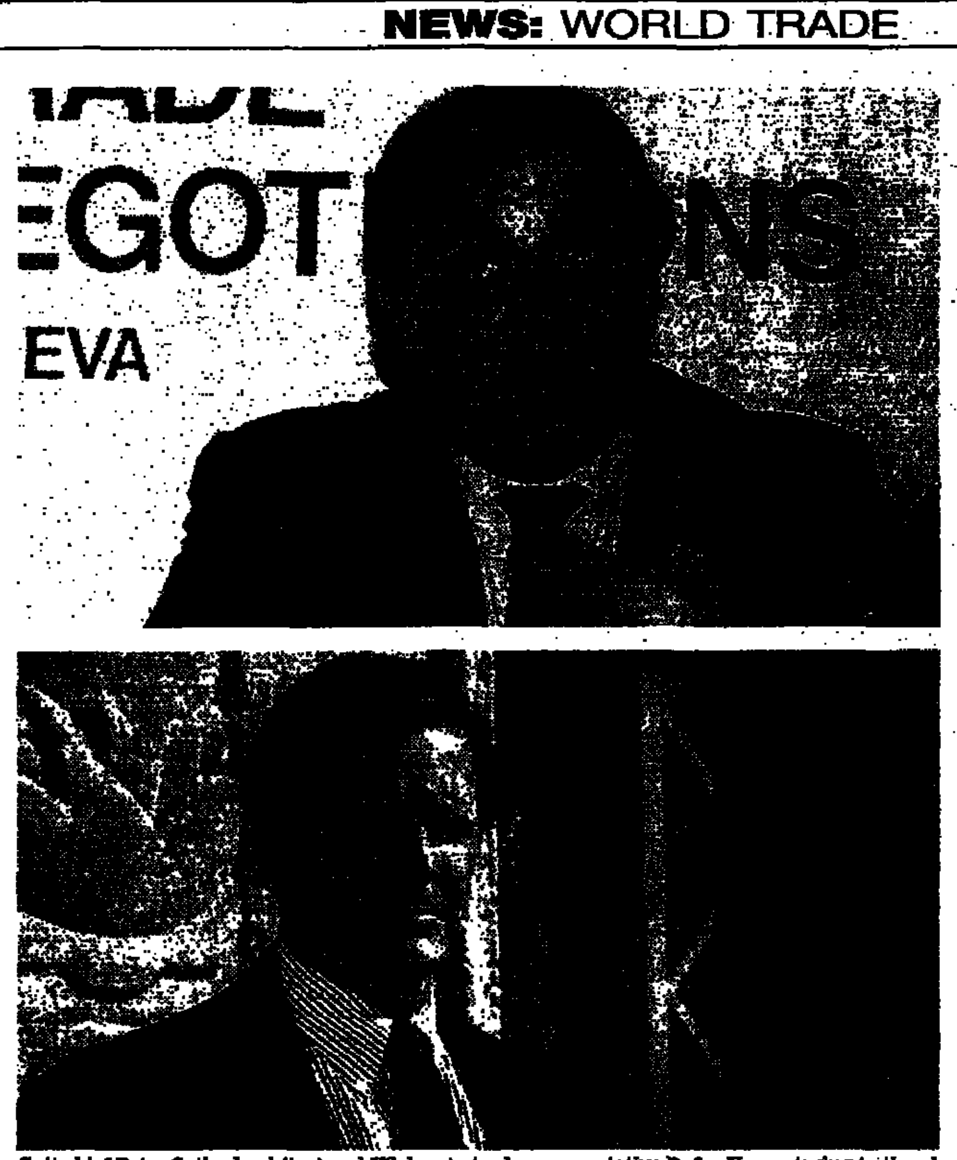
US officials stressed yesterday the alternative to the two-tier approach could be a move to pull the entire sector out of the Uruguay Round accord, leaving access to the US market to be determined by bilateral bargaining.

The US financial services industry, once a prime mover in the round, now says the offers by Japan and some other East Asian and Latin American nations are too poor to justify opening the US market equally to all comers, as the draft services agreement requires.

In the maritime sector, the US is holding firm in refusing to include ocean-going shipping in its services liberalisation offer. EU officials, say this sector is of vital importance for members Denmark and Greece, and they may be obliged to pull audiovisual services out of the agreement if deep-sea shipping is excluded.

The Commission is hoping to secure ministerial approval on Thursday for its stance on audio-visual services, such as films and television programmes, which would keep the sector within the services accord but with important restrictions.

These restrictions, certain to be opposed by Washington, include exemption of audio-visual services from the general requirement to negotiate away remaining trade curbs.



Gatt chief Peter Sutherland (*top*) and US deputy trade representative Rufus Yerxa: trying to thrash out differences over US financial markets Associated Press

Pressure mounts on Taiwan over tariffs

By Nancy Dunne in Washington

The US last week formally asked Taiwan to lower tariffs on 2,800 products and to reduce its protection for other products, before being accepted into membership of the General Agreement on Tariffs and Trade.

Mr Mickey Kantor, the US Trade Representative, tabled the list of US demands with Gatt a week after the Asian-Pacific summit, where the US made no visible gains with China on trade. In fact, determined wooing of Taiwan's rival by President Bill Clinton seemed to yield little in the political and military facets of the bilateral relationship.

Mr Kantor asserted that the tabling "should advance the accession process in Geneva" for Taiwan. China has made known it will not tolerate Taiwan's acceptance into Gatt before its own.

The US wish-list for Taiwan was formulated after "substantial consultation with the broad range of US private sector and Congressional interests," who represent companies hoping to sell into the Taiwanese market. It seeks a reduction in tariff peaks, commitments to maintain current low tariff levels, and the elimination of import bans, quotas and other non-tariff restrictions – mostly on farm products – which Gatt prohibits.

US exports to Taiwan are expected to reach $16.9bn by the end of this year. According to the US trade agency, fulfilment of the US request alone would slice the average tariff in Taiwan by more than half and open major new areas of the market to US goods.

Complaints have been made about market access

Other Gatt members are expected to make similar requests of Taiwan over the next several months.

A Gatt working party established to move Taiwan into the global trading club has complained about restrictive market access practices and special bilateral deals with the US. It raised questions about Taiwan's allegedly discriminatory import tariff structure, burdensome import licensing requirements, intellectual property violations, discriminatory government procurement practices and investment barriers in the services sector.

Taiwanese trade officials say their country has made progress in reducing protection. Its nominal industrial tariff was reduced from 24.4 per cent in 1986 to 6.5 per cent in 1992. Tariffs for farm goods were reduced from 34.8 per cent to 21.6 per cent.

Mr Kantor's office said it expected negotiations with Taiwan "on the full range of subject areas such as services and intellectual property which will be within the Gatt's purview as a result of the Uruguay Round".

After years of knocking at the door, Gatt accepted Taiwan's request for negotiations for membership in September 1992. Taiwan offered to join as a developed nation but said "certain industries" would still require protection. In the negotiations, it is expected to reduce its tariff and other import barriers to the same level of protection maintained by other developed economies and to match concessions offered by current Gatt members in the Uruguay Round.

Besides China and Taiwan, Gatt is now considering 13 such membership applications.

COMPROMISE OFFER BEFORE GATT DEADLINE

Japan may partially lift rice ban

By Emiko Terazono in Tokyo

Japan will present a compromise offer to partially lift its ban on rice imports to its trade partners under the Uruguay Round of multilateral trade talks early next month, government officials said yesterday.

After weeks of public denial that Japan and the US have been under negotiations over a plan to open Japan's rice market, the government has waited until the last minute before the December 15 deadline of the Uruguay Round officially to reveal Japan's position.

Mr Masayoshi Takemura, chief cabinet secretary, said the time had come for the Japanese government to seriously sort out its opinions on the rice issue. Japan is poised to propose a plan in which it will accept minimum access of 4 to 8 per cent, and a six year moratorium period before tarification of foreign rice imports.

The government is trying to convince those who oppose rice imports, by stressing the danger of Japan being blamed for the failure of the talks if it does not agree to a compromise deal on rice. Last weekend, Mr Takemura said Japan could not break up the Uruguay Round, and it would have to allow foreign access to the rice market. Mr Yuichi Ichikawa, secretary general of the Komeito, a member of the seven party government, also expressed support for a compromise deal.

Mr Takemura said the partial lifting of the import ban would not contradict a parliamentary resolution and an agreement within the coalition opposing the replacement of the ban with tariffs.

The government faces staunch opposition from the Socialist party, also a member of the coalition. The party has a large support base in rural areas of Japan, and has threatened to walk out of the coalition if the government reaches a decision to lift the import ban. Mr Takemura yesterday went out of his way to try and win over the socialists.

Paris call to boost dumping defences

By David Buchan in Paris

France wants the European Union to come to a quick agreement to beef up its defences against dumping and other unfair trade practices, as insurance against the US agreeing to submit itself to tougher multilateral disciplines in a new world trade organisation.

Mr Alain Juppé, foreign minister, said in an interview with Les Echos, the French business daily, that this issue would figure in today's Franco-German summit in Bonn.

"We wish to share with the Germans the same vision, a non-protectionist vision, but at the same time not one of the free market without any rules of the game," he said.

Increased French calls for the EU to reinforce its commercial defences do not necessarily bode ill for an overall Gatt accord.

Indeed, to the extent that France gets concessions on this issue it will need fewer concessions from the US on other issues.

'Bio-piracy' under new fire

Frances Williams on concern at Gatt patents draft

The proposed Uruguay Round accord to strengthen worldwide protection of intellectual property, virtually unchallenged since it was drafted two years ago, has resurfaced as a focus of discontent.

In a belated and almost certainly doomed effort to change the terms of the accord before the global trade talks are due to end on December 15, representatives from groups as diverse as Guaymi Indians in Panama, Indian farmers and Latin American drugs manufacturers have been trooping through Geneva to air their grievances.

Last week the pharmaceutical industries of Canada, Egypt, India and 13 Latin American countries issued a chilling warning on the consequences of obligatory protection of pharmaceutical patents. This, they claim, will reinforce monopoly rights of the leading drugs multinationals, raise domestic drugs prices by as much as 1,000 per cent, increase the costs of essential health care and put much of their indigenous pharmaceutical industries out of business.

In the past, industries in these countries have been able to copy patent medicines, often without paying royalties, which has enabled them to produce drugs cheaply for home consumption and undercut patent-holders in export markets.

The new rules would stop unauthorised copying by placing strict limits on government powers to license production of a patented drug without the patent holder's consent. This would be possible on payment of an "adequate" royalty only if a company refused to authorise use of the patent "on reasonable commercial terms and conditions".

Gatt officials concede that industries in countries obliged to introduce pharmaceutical patent protection for the first time will have their long-term prospects dimmed. However, in the short term production of existing drugs will not be affected. Nor will production of most new drugs coming on the market in the next 10 years or so because they stem from inventions already made and patented and now going through the lengthy process of testing and authorisation.

Discontent centres on opposition to the notion of 'patents on life'

A bid by Washington to secure "pipeline" protection for pharmaceuticals, which would have involved retroactive recognition of patents, was firmly rejected by other nations. US negotiators, though not yet the US industry, appear to have abandoned the struggle.

Gatt officials also point out that the alternative to a Gatt accord would not be the *status quo* but increased bilateral pressure from the US, which has already secured better terms for its pharmaceutical industry from several developing countries under threat of trade reprisals.

"On the whole, governments think this agreement is as good as they will get and they don't want to re-open it for fear of something worse," says a senior trade official.

The other main contentious and even more emotive issue – "patents on life" – is less easily disposed of. The draft accord specifically allows countries to exclude animal and plant inventions (and bio-technological processes for their production).

But many environmental and third world development groups argue that it should outlaw patents on life-forms altogether on the grounds that it sanctions "bio-piracy" or the expropriation of poor-country resources by rich-country drug multinationals.

Indian farmers have demonstrated in their hundreds of thousands against the patenting of plant varieties, which they fear will threaten traditional breeding of seed hybrids and the sale or exchange of seeds among farmers. Though plants as such are excluded, the Gatt accord will require new plant varieties to be protected by patents or other means.

Even more concern has been expressed over the patenting of human genetic material, highlighted recently when a Canadian-based third world development group uncovered a patent claim by the US secretary of commerce on a Guaymi Indian cell line. The blood sample from which it was derived was taken from a 26-year-old Guaymi Indian woman while she was being treated for leukaemia in a Panama hospital. It is now held by the American Type Culture Collection, in Rockville, Maryland, where it can be drawn on for genetic research.

The Guaymi woman's cell line is of special interest to researchers because some Guaymi people, the largest indigenous group in Panama, carry a unique virus and its antibodies which may prove useful in Aids and leukaemia research.

The draft Gatt intellectual property agreement contains some safeguards against exploitation, but not much. Apart from the permitted exclusion from patenting of plants and animals, it requires patented items to be the product of an invention, not a discovery of something occurring naturally.

The Guaymi patent application did not deal with an invention "but rather the discovery of an antibody which is part of the blood of the Guaymi woman," Mr Isidro Acosta, president of the Guaymi General Congress, wrote to Mr Ron Brown, US commerce secretary, last month.

However, such objections can be circumvented by quite minor modifications or by the patenting of techniques to stabilise genetic material or extract it from its source.

The Gatt accord provides for a review of the "patents on life" provisions four years after coming into force (probably some time in 1995). The battle lines are already being drawn between Washington, which wants greater international patent protection for life forms, and a growing body of opinion keen to see better safeguards and fairer sharing between rich and poor of the benefits of gene-related research.

China signs two Brazil ventures

By Angus Foster in São Paulo

Brazil and China, two of the world's largest developing countries, have signed two agreements in an effort to boost trade during a week-long visit to Brazil by China's president Jiang Zemin and foreign minister Mr Qian Qichen.

Trade between the two countries remains small but is increasing after several years of decline and this year is expected to reach $1bn. Brazilian exports of steel and primary products are growing, while Chinese consumer goods have appeared in Brazilian shops as the country has lowered tariff barriers.

China is to set up a joint venture to extract iron ore from the huge Carajas mines in northern Brazil. This will be shipped to supply China's growing steel industry.

The two sides have also agreed a $150m joint venture satellite project, where the first of two planned Brazilian-owned satellites is scheduled to be launched in October 1996 by a Chinese rocket.

The satellite will be used to monitor atmospheric pollution and forest reserves.

● John Burton adds from Seoul: Samsung Aerospace yesterday signed a memorandum of understanding with Aviation Industries of China (Avic) to develop mid-size commuter aircraft with 50 to 100 seats.

It is the third civilian aviation project to be announced in as many months by a Korean company and the second involving Avic.

Daewoo Heavy Industries and Korean Air are also co-operating with Avic in developing passenger jets with a 100-130 seat capacity.

The two Sino-Korean projects are meant to tap the potentially large aircraft market in China, while reducing both countries' dependence on western aircraft manufacturers by developing their own aerospace industries.

Samsung estimates that the Chinese demand for commuter airliners could reach 200-300 aircraft by 2010, while Korea may need 100.

The Phoenix project involving Samsung and Avic will begin development of the airliners next year and plans to start production in 1998.

● Details of dialogue emerge as Mayhew wins backing of MPs ● Adams says London behind leak

Sinn Féin accuses government of duplicity

By Jimmy Burns and Roland Rudd

Sinn Féin, the IRA's political wing, yesterday accused the British government of duplicity, while at the same time declaring that it remained committed to helping secure peace in Northern Ireland.

Mr Gerry Adams, Sinn Féin president, accused the British government of being behind the leaking by unionist politicians of details of secret talks between intermediaries and Sinn Féin. He said that the aim was to divert "public attention from IRA conditions for peace".

Four hours before Mr Patrick Mayhew, the Northern Ireland Secretary, made his statement to the House of Commons, Mr Adams held a press conference in Belfast to release three documents – two from government representatives and one from Sinn Féin – which he claimed made clear that "the British were quite blatantly abusing the lines of communication for their own narrow, short-term interests".

But he produced no documents to support his central allegation that an IRA offer in March of a two-week ceasefire in return for talks had been rejected by the government.

The most recent document produced by Sinn Féin yesterday – dated November 5 – contained a British offer of talks in return for permanent cessation of hostilities.

In London, meanwhile, Sir Patrick Mayhew's statement on the recent contacts between the government and the IRA received the overwhelming backing of MPs.

Ministers were relieved to hear no criticism from Mr James Molyneaux, leader of the official Ulster Unionists.

The government also received crucial support from its right wing. Mr Andrew Hunter, chairman of the Conservative backbencher committee on Northern Ireland, said Sir Patrick had acted "entirely correctly and honourably".

Labour also supported the government's approach. Although Mr Kevin McNamara, the party's Northern Ireland spokesman, talked of the government's "recent mishandling of these matters", he said it should not deter ministers "from believing that risk-taking is essential if progress is to be achieved".

The government won the backing of Mr Seamus Mallon, deputy leader of the nationalist SDLP, who told Sir Patrick: "You were right to enter the deliberations you entered into. Had you not done so, it would have been a dereliction of duty on your part."

Rev Ian Paisley, Democratic Unionist party leader, was suspended from parliament for five days after he accused Northern Ireland secretary Sir Patrick Mayhew of lying over contacts with the IRA. He also repeated his call for Sir Patrick to resign

Veil is lifted on secret contacts

David Owen on papers which might have remained unread for 30 years

It was in the wake of the Greysteel shootings that the mask slipped.

Within three days of this murder of seven halloween revellers by loyalist gunmen, the British government received a dramatic and panicky message from the provisional IRA leadership.

"Please tell us . . as a matter of urgency when you will open dialogue in the event of a total end to hostilities," the message said. "We believe that the country could be at the point of no return."

Coming after eight months of tense and fitful dialogue, conducted in the strictest secrecy, it was the clearest possible signal that it was time to act.

Three days later on November 5 – as Mr Douglas Hurd, the foreign secretary, paid his first visit to Northern Ireland for eight years – the government did just that. It spelt out its terms for a face-to-face meeting with the Provisionals within 75 days, in the middle of January.

If the IRA delivered a genuine end to violence "within the next few days", the government said, a first meeting for "exploratory dialogue" would take place within a week of parliament's return on January 11.

The government would be represented by "senior officials." The proposed interval would be to "demonstrate the genuineness of the ending of violence".

This message would have landed on the desk of the provisional leadership less than 24 hours after the Ulster Unionist party leader Mr James Molyneaux – who has an effective veto on the shape of any political settlement – said Sinn Féin would have to wait at least five years before gaining admission into the democratic process.

It came just four days after Mr Major told MPs that talking to Mr Adams and the IRA would "turn my stomach".

These events of just four weeks ago, are the most dramatic of the exchanges covered by the nearly 40 pages of documents released by the government yesterday.

But they are merely the culmination of a top-secret dialogue which began – at the instigation of provisional leaders – in February.

The documents released yesterday are an extraordinary record of a discussion so far which, had it remained secret, would probably not have seen the light of day for 30 years. They indicate that the government set out its conditions for beginning talks with provisional IRA leaders as early as March – on the very eve of the Warrington bomb blast which killed two children and saw worldwide condemnation of the IRA's methods.

They show that the provisionals subsequently expressed their "total sadness" in accepting responsibility for this bombing in an extraordinary oral message.

They suggest that relations between the provisionals and the government cooled significantly after the support of nine Ulster Unionist MPs helped prime minister John Major secure the ratification of the Maastricht treaty in late July.

Indeed, there seems to have been a serious danger of contacts being broken off during the summer, with the provisional leadership declaring itself "perplexed" and the government admitting: "Minds do not seem to be meeting."

The first contact referred to in the papers took place on February 22 in the form of an oral message from provisional leaders that the conflict was over. "We need your advice on how to bring it to a close," the message said. "We wish to have an unannounced ceasefire in order to hold dialogue leading to peace."

About six weeks earlier, Sir Patrick Mayhew, the Northern Ireland secretary, had said publicly for the first time that pressure within the IRA for an end to violence was mounting.

The government delivered a brief seven-line response four days later, promising to take the overture "seriously and at face value". On February 26 – the day the message was sent – a bomb exploded at a Warrington gasworks.

Buoyant figures give pre-budget boost for Clarke

By Peter Marsh, Economics Correspondent

Mr Kenneth Clarke, the chancellor of the exchequer, was given a pre-budget fillip yesterday with further evidence that the UK economy is continuing its recovery.

A rise in the money supply and indications of a sharp increase in manufacturing output will encourage the chancellor later today as he delivers a budget statement expected to concentrate on reducing the large fiscal deficit through a modest tax rise.

M0, the narrow measure of the money supply, rose 5.1 per cent in the year to November to continue recent strong growth which has underlined buoyant consumer spending.

Sentiment about an upturn will be helped by a survey today from the Chartered Institute of Purchasing and Supply which showed manufacturing orders and output grew strongly this month.

Although the seasonally-adjusted M0 figure was lower than the 5.4 per cent rise in the year to October, growth in notes and coins, which accounts for 90 per cent of the measure, was particularly strong. This jumped 5.5 per cent in the year to this month, after a comparable 5.3 per cent in the 12 months to October, and indicated that consumers are spending relatively freely.

The economic data heartened investors on the London stock market, where the FT-SE 100 index of leading shares shrugged off a large fall in Japanese stocks to gain 24.4 for a close of 3,135.8.

Sterling was also strong, rising 1 pfennig against the D-Mark to close at DM2.5425, while against the dollar it put on nearly 1 cent to finish at $1.4880.

Long-dated gilts gained a quarter of a point on expectations that Mr Clarke would predict a fall in public borrowing from about £50bn this financial year to roughly £40bn in 1994-95.

The City is expecting the chancellor to unveil a £2bn tax rise from next April, on top of the £6.7bn already announced. Mr Clarke may also shave £1bn to £2bn off the public spending control total for 1994-95, previously set at £253.6bn.

Virgin to launch new air service to Dublin

By Paul Betts, Aerospace Correspondent

Mr Richard Branson's Virgin Atlantic Airways is finalising an agreement with a new Irish airline to start a franchised service from London City Airport to Dublin.

Virgin yesterday said negotiations with Cityjet, a new privately-owned Irish carrier, were "very advanced" and that an agreement was likely before the end of this week.

The Irish airline will operate British Aerospace 146 jets on Virgin licenced services.

Under the agreement, the aircraft will be painted in Virgin livery and Mr Branson's airline will provide support for maintenance, catering, marketing, sales and training.

The Irish carrier plans to operate up to five services a day between Dublin and the City airport in London's Docklands.

Although Virgin intends to continue focusing on long haul routes, Mr Branson sees franchising as an opportunity to expand in the European market. A Virgin official said the airline expected to negotiate other franchising European airline deals.

Virgin launched last March its first European franchising operation with a Greek charter carrier called South East European Airlines.

The new Dublin service will also be a boost for London City airport which announced yesterday the start of the first UK domestic service from the Docklands airport.

A Belgian airline, VLM, will begin in January a twice daily service from Liverpool to London City using a Fokker 50 aircraft.

Until now, airlines using London City have operated services from the Docklands to continental European destinations.

The new Liverpool service is also the first example since the liberalisation of the European air transport industry of a foreign carrier operating a domestic service in the UK.

The Belgian carrier currently operates services between London City and Antwerp.

Managers 'prefer BT to Mercury'

By Andrew Adonis

British Telecommunications provides a better service than Mercury, according to a survey of telecommunications managers in large UK companies.

On a scale of one to 10, BT was rated at an average of 6.95 against 6.18 for Mercury, in the survey of 439 companies by the Telecommunications Managers Association. Nearly half the companies surveyed have an annual telecom expenditure of more £5m.

Competing aggressively on price, Mercury has about two thirds of outgoing long distance traffic from the city of London, although its national market share is only around 10 per cent.

Mr David Harrington, director general of the TMA, said: "BT's strength is the resilience of its network, which is widely seen to be greater than Mercury's. They have got more people on the ground."

Whereas most telecoms managers claimed to have a "good understanding" of pricing packages, the growing complexity of tariffs was a source of concern.

A large number of companies said they planned to use network operators which have entered the UK markets since the abolition of the BT/Mercury duopoly in 1991.

Survey shows travellers' 'fear' of Channel tunnel

By Diane Summers, Marketing Correspondent

Three-quarters of adults say they are unlikely ever to use the Anglo-French Channel tunnel, according to a survey published today by the market research organisation Mintel.

Fear is a large element of the apparent hostility towards the new service, which is due to start in May 1994. Mintel said more than half of the 1,000 adults questioned were "fearful that the tunnel would increase the risk of rabies and other diseases entering the UK". Half expressed concern that the tunnel could be a target for terrorists.

Professional male business travellers, particularly those living in London, are most enthusiastic but, overall, only 15 per cent of those living in the south say they are likely to use the service, in spite of living so close to it.

Mintel describes the responses as "unduly negative" and said it believed opinions would change when the tunnel opened. "For many people the concept of actually travelling through the tunnel feels like something which is still years away, due to the various delays and the media coverage of all the controversy surrounding its construction."

A sceptical 7 per cent of those questioned said they did not believe the project would ever be finished and nearly a third thought the scheme a "waste of time".

Eurotunnel said the survey was carried out in June, before it launched an advertising campaign explaining how the system will work.

It noted that a wide cross-section of the population was questioned rather than current cross-Channel travellers. A spokeswoman said other surveys have shown that 50 per cent of ferry users say they will use the tunnel.

The Channel Tunnel. Mintel, 18-19 Long Lane, London EC1A 9HE. £375

Nissan UK suffers 61% drop in profits after losing franchise

By Kevin Done, Motor Industry Correspondent

Nissan UK, the former importer/distributor of Nissan vehicles controlled by Mr Octav Botnar, suffered a 61.3 per cent fall in pre-tax profits to £24.87m in the year to the end of July 1992 from £64.2m a year earlier.

The company, which was at the heart of the biggest corporate tax fraud in Britain, is fighting in the High Court against a petition from the Inland Revenue seeking to put the company into liquidation.

The High Court has appointed Mr Colin Bird and Mr Dipanka Ghosh of accountants Price Waterhouse as provisional liquidators of NUK. This appointment was extended yesterday pending a hearing of the case.

NUK is challenging both the appointment of the provisional liquidators and the winding up petition.

According to the company's latest annual report, Nissan UK turnover in the year to July 1992 fell by 47.7 per cent to £307.6m from £588.6m a year earlier. The company was deprived of the franchise to import and distribute Nissan vehicles in Britain with effect from the end of 1991.

According to its latest directors' report signed at the end of October 1993 NUK is now chiefly engaged in property in the leasing of dealerships to car retailers.

The report says NUK intends "to maximise income and profits from the company's property portfolio in the hope that the market for retail garage properties will improve".

Following the loss of the Nissan franchise, NUK completed the disposal of its parts business and remaining vehicle stocks by February this year, says the report.

The board of NUK now has just two members, Mr Botnar and Mr Manfred Weder, a Swiss lawyer.

The annual report shows that Mr Botnar was paid £316,000 by NUK in 1991/92, but it also reveals that another unidentified director received emoluments totalling £1.89m excluding pension.

Mr Botnar, aged 80, who remains chairman of NUK, has been living in Switzerland and has not returned to the UK since January 1992, when a warrant was issued for his arrest.

The report shows that Mr Michael Hunt, former assistant managing director of Nissan UK, resigned from the board on June 28. He was jailed on June 30 for eight years for his part in the NUK tax fraud. He is currently appealing against both his conviction and sentence, and the appeal is expected to be heard in early 1994.

Rivet pioneers set sights on car industry

New technology has given manufacturers an alternative to welding, **writes John Griffiths**

Mr Keith Jones, managing director of Henrob, the Welsh company was flying to Detroit yesterday to hold talks with US manufacturers on applying its self-piercing riveting technology which he says is gaining momentum every month.

Its partnership with Audi, the German car maker, marks the first application of the technology, rather than spot welding, to a complete car body assembly. Mr Jones says there are few limits to the growth of the process in the motor industry.

Henrob, says Mr Jones, had been "pushing" its technology for some time, "but everyone was comfortable with their spot welding.

"Then the technology changed, with aluminium and plastic coming in as the need has grown for lighter vehicles. At that point, they [Audi] realised that welding wasn't suitable – and at that point it became really exciting for us".

Henrob is already active in other fields – some 1,000 of its riveting machines are installed world wide in applications such as washing machine assembly lines in Iran and India. The electronically-operated sliding roof of Toronto's Skydome all-weather sports stadium is held together by Henrob's system.

In the motor industry, manufacturers are realising the technology is applicable to steel as well as aluminium, particularly as they move to corrosion-resistant coated steels. Spot welding can destroy the coating and leave vehicles vulnerable to rusting.

Ford US, in a research paper presented to the International Body Engineering Conference in Detroit in September, said: "Only the self-piercing rivet shows a significant strength advantage over spot welds."

The size of the potential market is enormous. "There are about 130bn spot welds put into cars each year – an average of 3,000 per vehicle", points out Mr Jones.

There is no heat involved in the new process, so it can join unlike materials, such as the plastic composite body panels some vehicle makers are using as an alternative to steel.

Other advantages claimed are low energy consumption, near-noiseless operation and only about half the investment.

But Henrob executives accept that the motor industry's need to amortise large investments in spot welding plant and equipment makes an "overnight" switch to pierce riveting unlikely.

The machines and rivets now installed at Audi's Ingolstadt plant have all been designed and manufactured at Flint, Wales.

The French Peugeot group has also begun introducing a simpler form of the technology to assemble part of the body shell of its 106 and 306 car ranges. A simplified form of the process is being used to assemble seats for Ford's new Mondeo model.

"Only" 68 per cent of joints on the Audi aluminium car are riveted because the design of the car was under way when Henrob was approached. "Now that the technology has been accepted future cars will be designed with it in mind from the start", says Mr Jones.

Henrob set up at Flint in 1986 – helped by a £500,000 grant from the Welsh Office – after acquiring technology rights which originated in Australia.

It is investing £1.8m in expansion, creating 20 jobs in adition to the current 34, and Mr Jones predicts "significant" further growth in employment.

The company has enjoyed a 40 per cent growth in turnover this year "and we're expecting 80 per cent compound over the next three years", says Mr Jones.

More than 80 per cent of Henrob's output is exported. Although small, the Flint plant produces several million rivets of varying size each week.

Mike Amon

Keith Jones: Henrob has pushed rivet technology for some time

Britain in brief

Railtrack in row over pricing policy

Railtrack, the authority which will run the infrastructure of Britain's railways from next April, has become embroiled in a row with the Treasury over its pricing plans following privatisation.

The company believes the value of its assets, set at around £7bn by British Rail, are worth no more than £5bn and could be worth as little as £3bn. A downward valuation of Railtrack's assets would enable the company to set lower prices for the use of its track.

It believes that lower charges would encourage more private operators and BR management buy-outs to bid for franchises under the government's rail privatisation initiative. The Treasury has refused to countenance a downward revaluation of Railtrack's assets. It believes that on a replacement cost basis the track is worth at least £7bn.

Abu Dhabi denies plan

The government of Abu Dhabi, majority shareholder in the collapsed Bank of Credit and Commerce International, appears to have ruled out any increase in compensation payments to creditors.

In a statement issued yesterday, it rejected any suggestion that it was preparing to raise its payments as part of a negotiated settlement with the liquidators to the bank.

Speculation has surrounded the shape of new proposals since the unexpected decision of the Luxembourg appeal court at the end of last month to reject an agreement between Abu Dhabi and the liquidators.

Abu Dhabi is believed to have ruled out any increase in its contribution from the $1.7bn-$2.2bn range which it would have paid in exchange for a waiver of legal claims against it.

Controversy on NHS pay rises

Health ministers were said to be "extremely unhappy" yesterday with recent pay rises for senior National Health Service managers, following reports that the average salary increase for chief executives in hospital trusts had been about 9 per cent in the last 12 months.

Coca-Cola tops grocery sales

Coca-Cola has for the first time become Britain's biggest-selling grocery brand, toppling Persil detergent made by Unilever, which has fallen to third place after arch-rival Ariel, made by Procter & Gamble.

Coca-Cola, which had UK supermarket sales of £247m in the year to August, topped an annual list of 100 grocery brands compiled by Nielsen, the market research firm, and Checkout Magazine.

The fastest-growing brand was Müller yogurt, sales of which rose 32 per cent. Unilever had 13 of the top 100 brands, the most for any company, followed by P&G with 9 and Mars and Kellogg's with 6 brands each.

Labour urge tax rethink

Britain's opposition Labour party yesterday urged Mr Kenneth Clarke, the chancellor of the exchequer, to abandon the imposition of value added tax on fuel and to deliver a substantial increase in investment in his first budget today.

Mr Gordon Brown, the party's chief finance spokesman, told a meeting of Labour MPs that the budget should maintain public services, introduce an emergency job creation programme, and rebuild Britain's social and economic fabric.

Mr Brown also released a pamphlet, published by the Tribune group, setting out details of his claim that tax revenues could be increased by £10bn by closing tax loopholes.

Few jobs for Swan workers

Fewer than 20 per cent of the employees made redundant at Swan Hunter, the Tyneside shipyard, have so far found a job, according to a union survey following the yard's decision to call in receivers six months ago.

The survey highlights the disparity of job opportunities for different employee categories. Fewer than one in ten ancillary workers, pipeworkers, painters and woodmachinists had found work, and 88 per cent of fitters and 85 per cent of electricians and steelworkers were still jobless.

Among whitecollar employees more than three in ten had found work. The most successful jobhunters were managers, with 50 per cent in new jobs.

Bank to set up new office

Singer & Friedlander, the merchant bank, is to set up a development capital subsidiary in Leeds, to operate throughout the UK.

It will be funded from the merchant bank's resources and invest from £500,000 upwards in management buy-outs and buy-ins, capital restructuring, organic expansion and acquisitions.

Charity plans to buy warship

A Scottish charity plans to buy a 40-year-old Russian warship and bring it to Scotland to help house the homeless and give new job-skills to the unemployed.

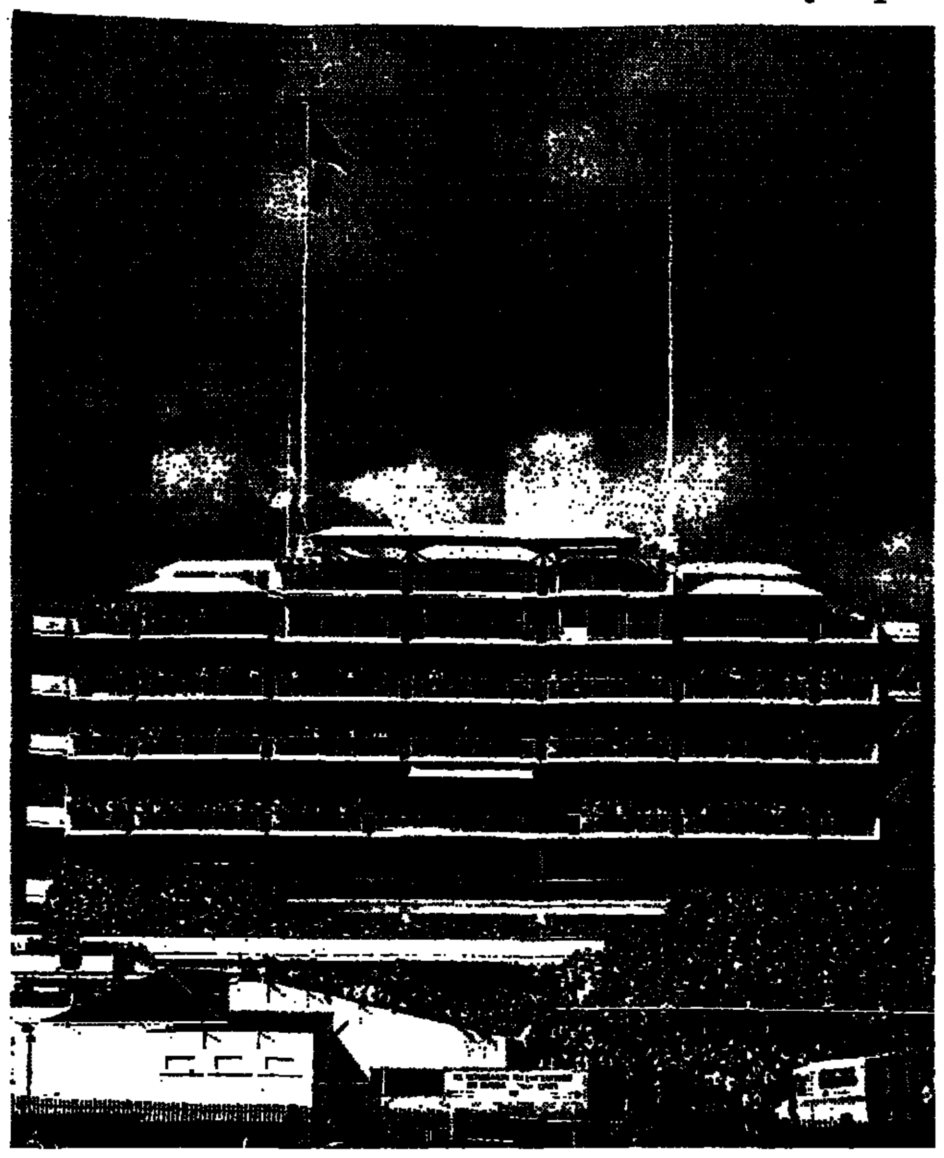
The Flanders Scottish Alliance, a charity that dates back to World War One, has paid a £90,000 ($133,200) deposit on the Variag class heavy cruiser identified only by its number – 1997.

Mr Kevin Earnshaw, a spokesman for the charity, said the cruiser was fully equipped with showers, toilets, kitchens and laundry facilities for its 1,500 crew.

THE FT ARCHITECTURE AWARD

Horden gallops past the post with a classic

Colin Amery reports on the 'high-tech' appeal of this year's winning entry



Dennis Gilbert

The winner, a pedigree product: Richard Horden's Queen's Stand, Epsom Racecourse

Two English obsessions were united in the presentation yesterday of the Financial Times Architecture Award to the designers of The Queen's Stand at Epsom Racecourse – horse racing and "high-tech" architecture.

Some critics might say that the third national obsession, gambling, was also part of the winning equation. The architects, Richard Horden Associates, is a young practice, set up in London in 1985, and it was an adventurous choice – indeed something of a gamble – for United Racecourses to chose it for this prestigious commission at Epsom, Surrey.

The chairman of United Racecourses is Sir Evelyn de Rothschild – a man used to winning in the world but also a man with a stern eye for quality. The members of the jury of the FT Award were unanimous in their selection of The Queen's Stand as this year's winner – they were in fact bowled over by the consummate elegance and practical beauty of the design.

What is "high-tech" architecture and why is it a purely English obsession? Put simply, it is an architecture that celebrates the glories of contemporary technology and turns mere functionalism into something expressive – almost poetic.

"High-tech" buildings such as the Lloyd's building in the City of London elevate the language of engineering and structure above and beyond any simple single purpose or function. There is something almost gothic about the expressiveness of structure which combines with an enjoyment of the symbolism of our times.

"High-tech" architects enjoy new materials and the application of technologies learned in other fields to the development of architecture. Many sources of ideas are plundered to feed the god of high technology – architects have learned from car manufacture; prefabrication and space and rocket technology; and marine engineering, aeronautics and computing has also nourished its growth.

Why is it so much an English phenomenon? Architects would say that "high-tech" grew out of engineering and the pioneering traditions of designs like the Crystal Palace by Sir Joseph Paxton, or Brunel's bridges and railway stations. But it is also closely linked to ship and aircraft design – the skills that went into Concorde and the QE2 have also enriched "high-tech" architecture.

England's "high-tech" pioneers such as Sir Norman Foster and Nicholas Grimshaw are enthralled by yachts and aircraft – indeed, Sir Norman is famous for arriving at site meetings by helicopter.

Richard Horden, this year's winner of the Financial Times Architecture Award, is a pedigree product of the best "high-tech" stables. He started in an office with Nicholas Grimshaw and then worked for 10 years in Norman Foster's office. While he was with the Foster practice he was involved in the design of the Sainsbury Centre for the Visual Arts at the University of East Anglia, and the remarkable headquarters of the Hong Kong and Shanghai Bank in Hong Kong. He also helped evolve the early design of the Nimes art gallery and the Stansted airport proposals.

On setting up his own practice Horden faced the problem of how to utilise his experience of working with the design leaders of the profession while developing a distinctive style of his own.

During the early 1980s he was fortunate to secure several commissions for private houses. An aluminium house in the New Forest generated several revolutionary ideas. He was also teaching and continuing to practice his own particular interest in yachting and boat design.

Like many of the best contemporary architects Horden moved into the design of furniture and interiors. His small "Yacht House" and "Ski Haus" projects are the result of his own wide sailing experience and his work with yachting engineers and carbon craftsmen. Direct work in the factory gives Horden an edge over many of his contemporaries: a sense of control is evident in his buildings.

The Queen's Stand at Epsom is beautifully sited and has a remarkable view of the Epsom Downs and the surrounding seven counties. The club stand for the racecourse, it is located opposite the finishing line of the Derby. As the brief demanded a series of balconies and boxes all with a clear view of the course, it was natural for the architect to draw parallels with a large ocean liner with sleek deck forms. Masts and flagpoles add to the impression of a ship, especially as the whole building is painted white.

Dennis Gilbert

The roof draws parallels with the sleek form of an ocean liner

Continuous balconies create the sense of a grandstand and provide racegoers with views of the Royal box and of other racegoers as well as the horses. While the stand is well equipped for racegoers it also has fine facilities for jockeys.

Part of the competition brief for the stand (which was drawn up in 1988) was that the building should be in use for as much of the year as possible for functions and entertaining. It runs like a great hotel on the Downs and the sleekness of the design makes it an agreeably neutral setting that can be transformed easily for a variety of events.

The design team included engineers Ove Arup and Partners with Peter Rice and the quantity surveyors were Davis Langdon and Everest, Clyde Malby. Planning permission was granted in March 1991 and a phased fast track construction programme allowed the completion of the whole project within 18 months.

Richard Horden has several promising successors to this award-winning building in the pipeline. His practice won the European-wide competition for a 100 metre high tower for Glasgow, to be built (funding permitting) in the city centre to mark the millennium. An important scheme for Shell UK for a new headquarters building in The Strand in London is currently awaiting planning consent. Land Securities and N.M. Rothschild have both commissioned important projects from the Horden practice.

Any visitor to the offices of this London firm, in Golden Square just behind Piccadilly Circus, will sense a new architectural spirit. The office includes a showroom and café and tourists are welcomed to glimpse the design process at the heart of the capital.

The FT jury felt that the Queen's Stand was magnificent and saw in it the seeds of many future projects of high quality. Awards should encourage as well as reward and Horden seems to have a golden future as one of Britain's band of world leaders in the "high tech" architectural market.

A talent for picking winners over three decades

The Financial Times Architecture Award 1993 is the 26th to be made. It began life as the FT Industrial Architecture Award and grew out of a desire to find ways of improving the working environment in the 1960s.

Industry and manufacturing then took more conventional forms and the award juries were restricted to looking at the manufacturing process and its visual consequences. Looking back at those early days it is significant to note how successful the juries were in spotting talent. Norman Foster, Richard Rogers, Nicholas Grimshaw and Michael Hopkins were all singled out as key developing talents long before they reached their current international fame.

This has been a record year with 154 entries – remarkable in a recession. The jury had a new layman – Sir Simon Hornby, chairman of W.H. Smith and a former chairman of the Design Council. He is known for his interest in architecture and his own developed skills as a patron. The architect members were Nicholas Grimshaw and John Outram.

The FT has always tried to ensure that the jury represents all sides of the architectural debate. Grimshaw is a leader of the "high tech" school and the opening of his Waterloo Channel Tunnel Eurostar Terminal is eagerly awaited. He is also currently engaged in the design of the new Berlin Stock Exchange – a scheme he won in international competition. Outram has recently won two important architectural competitions – the Judge Management School at the University of Cambridge; and a key new facility for the Rice Campus of the University of Texas.

The jury always visits as long a "short list" of buildings as possible and this year the members were especially impressed by the very high architectural standards. The final shortlist of commended schemes for 1993 was:

- Stansted Airport by Sir Norman Foster and Partners.
- Bracken House, City of London, by Michael Hopkins and Partners.
- Schlumberger Research Centre, Cambridge, by Michael Hopkins and Partners.
- Cranfield University Library by Sir Norman Foster and Partners.
- Bedfont Lakes, (IBM, joint venture with MEPC), near Heathrow Airport, by Michael Hopkins and Partners.
- Chichester Car Park, Avenue de Chartres, Chichester, West Sussex, by Birds Portchmouth and Russum.
- City Offices in Winchester by Hampshire County Architects.

The jury looked for that elusive quality in a winner which shows the hand of the architect in every aspect of the design. But a key realisation every year is that the best new buildings come about through the collaborative efforts of a good client with a talented architect. Such creative partnerships not only produce businesslike new buildings but also provide ones which are aesthetically rewarding.

C.A.

LEGAL NOTICES

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Hollis Typesetters plc
Home Shopping Channel Limited
Hong Kong Media Research Limited
Info-Line Limited
Information Management Techniques Limited
International Helicopters Limited
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L & B Financial Services Limited
Layreal Limited
Leasmore Properties Limited
Logicquest plc
Logocourt Limited
London & Bishopsgate Holdings (Guernsey) Ltd
London & Bishopsgate International Limited
Lowerdown Limited
Lynmead Limited
Macread Developments Limited
Market Research NZ Limited
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Shoe Lane Management Services Limited
Shudehill Developments Limited
Stockon Limited
Spectrum Research (NSW) Pty Limited
Sodima Appointments plc
SRG Agricultural Surveys Limited
Stanchell Limited
Stephen Mabbott Associates Limited
Stretagne Limited
Survey Research Asia Pacific Limited
Survey Research Hong Kong Limited
Survey Research Singapore Pte Limited
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Technical Manuals, Training & Reprographic Services Limited
Tempo Computer Services Limited
TEW Sales Limited
The Educational Supply Association International Limited
The Educational Supply Association Limited
The London Daily News Limited
The Sunday Correspondent Limited
TMTR Investments Limited
Typewise Limited
Visits Ad Lib Computer Software Limited
W Newey Limited

MANAGEMENT: THE GROWING BUSINESS

Local Exchange Trading Systems are taking off in nearly 200 communities across the UK, writes **Lucy Kellaway**

Twelve acorns for a hair cut

What do you do when you have a product or a service to sell, but your customers have no money to buy? The answer is you shun sterling and accept "bobbins", "acorns", or "beaks" instead.

Recession has worked wonders for home-grown local currencies. Two years ago there were five. Now, nearly 200 towns and cities in the UK are busily buying and selling in their own units. Businesses including dentists, solicitors, shops and cafes are finding that receiving payment in local barter currencies is a lot better than not trading at all.

The networks, known as Local Exchange Trading Systems, started as a way of helping the unemployed use their skills. Members open an account in the local currency with a central administrator and are issued with a cheque book.

When one member buys something from another, the cheque is sent on to the central administrator who acts as banker, debiting one account and crediting the other. No physical tokens are involved.

Members enter their products or skills for sale in a local directory, with many members offering a range of services. Paul Johnson of Tradelink in Wiltshire is fairly typical: he will program your computer or decorate your house. The founders of the scheme view money with strong suspicion and have a moral repugnance for the payment of interest. But Lets are now moving away from their hippy roots and businesses are beginning to accept payment in Lets units as part of a hard-nosed business strategy.

A solicitor in Stroud who accepts Lets payments does so because he recognises that it brings in customers who otherwise might not use a solicitor. Moreover, customers acquired in that way may be more likely to stay loyal.

"Initially we joined the scheme because we were new in the area and because we felt we couldn't say no," says Carolyn Whitwell of the Bishopston Trading company which runs five ethical clothing stores in the west country. "But now we do it out of pure self interest. Recession has hit us very badly and this is a way of creating a market for people who have no money."

The shop accepts 25 per cent of the value of its goods in Lets units, but when it increased the proportion to 50 per cent during a recent sale, it was surprised at how sharply its turnover increased.

While businesses are finding no shortage of customers willing to buy through Lets, some are struggling to spend the currency they have accumulated. In Stroud, which has one of the oldest and biggest schemes with about 300 members, there are plans to employ a Lets councillor to show businesses how to meet many of their needs – decorating, electrical work, accountancy and so on – locally and pay for them through Lets.

Some enterprising companies have started paying their staff through Lets. At the Bishopston Trading Company, local residents are being paid in Lets units to make clothes, thus not only meeting a genuine need, but easing the company's cash flow.

At Mills cafe in Stroud, meals and drinks can be bought via Lets and with the proceeds the proprietor is paying workers to till a nearby plot of land for her. Meanwhile, the owner of a market stall has earned enough Lets units to hire an architect to redesign his home.

As the idea of the schemes is to keep business within a community, they tend to work best in places where the spirit of the community is strong. Many of the people who are the keenest users like them because, unlike money, they make trading less impersonal.

"The years of Thatcherism have taken the humanity out of doing business," says Harry Turner of Letslink UK, the national co-ordinating body. "There are lots of people who prefer a more human way of doing things."

He describes his first Lets transaction when he had just moved to the town and was in need of a haircut. "I rang up someone in the directory to sort out a haircut and I took some of the cards I had made over. I ended up having a meal there and now we are friends."

Some larger towns have more than one network. In Bristol there are two, each with a different ethos. One prides itself on its equality: all members must charge a standard rate for their services per hour, regardless of whether they are accountants or cleaners. The other, like most Lets, allows members to charge whatever they like. The second scheme, complains Carolyn Whitwell, is rather too heavy on people offering alternative healing or aromatherapy at fancy prices.

Lets keep tabs on how much each member of the scheme is trading and sends them regular statements. There are no credit limits: most feel that the local nature of the schemes as well as the types of products on offer will prevent people from spending a million bobbins and then doing a runner.

The Inland Revenue is watching the growth of Lets with interest. A spokeswoman said that if local currencies were used for occasional babysitting or gardening, the revenue would turn a blind eye. But if businesses were using them, all amounts should be declared in the usual way.

"And we want tax paid in sterling. The chancellor will not appreciate having his lawn mowed," she said.

Letslink 0985 217871

In a Nutshell

Filing accounts can help your rivals

Filing accounts at Companies House, as required by law, is betraying vital information to competitors at home and abroad, according to the Small Business Bureau and the Union of Independent Companies.

Privately owned British manufacturing companies, particularly those with only one product range, have become "hopelessly exposed to both UK and foreign competition", the two groups say in a report*.

Neil Hamilton, minister for corporate affairs and deregulation tzar, has been sent the report which says sensitive information on small companies is more readily available in the UK than anywhere in the world. The SBB has asked Hamilton to persuade his European colleagues it is potentially damaging for small and medium-sized companies to publicise accounts.
The SBB wants small companies, where shareholders are also directors, to be exempt from filing accounts. Hamilton is studying the issue.

**The Filing of Accounts at Companies Registry. Available from Small Business Bureau: Tel 0276 452010*

Barclays lends more EIB money

Barclays Bank is revamping a scheme to lend European Investment Bank funds to small and medium-sized businesses making capital investments.

This Friday the EIB will provide Barclays with the first £50m line of low-cost credit – larger sums are expected later. The bank will lend between £30,000 and £10m for a minimum of four years.

Companies should have fewer than 500 employees and net fixed assets of less than £60m. The EIB will lend half of the total investment cost but borrowers do not need to borrow from Barclays for the balance.

Barclays has already lent £130m of EIB money over the last four years.

Silk flowers and chips

Victor Mallet examines a father-son business in Thailand

Like his father, Richard Han is an entrepreneur to the core. When he was studying for his MBA at City University in London, the man who is now chief executive of Thailand's Hana Microelectronics group had a sideline importing Thai silk flowers and selling them to shops such as Harrods.

He went on to exploit a loophole in British customs regulations, importing watch straps and cheap digital watch movements from his father's factory in Thailand (tariffs were lower than for completed watches), assembling them at home and selling them in Petticoat Lane, London; the business grew and he once sold 1m watches to Texaco for a UK petrol station promotion.

But when he returned to Thailand four years ago, Han, now 36, took on the more daunting task of turning round the troubled family business. In common with other second or third-generation ethnic Chinese businessmen, he was able to supplement the family's entrepreneurial skills with a more modern management style, essential for the fast-growing, high-technology businesses at the forefront of south-east Asia's economic boom.

His Fukkienese grandfather and his father Swie Yam Han had fled the anti-communist, anti-Chinese massacres in Indonesia in the 1960s and established car distribution and assembly businesses in Thailand.

His father, says Han, quickly "figured that micro-electronics was the thing to be in and he was absolutely right". Hana developed a profitable business making light-emitting diode and liquid crystal display watch modules, before moving on to the manufacture of circuitry for analogue quartz watches.

Then the company branched out into integrated circuits, creating Hana Semiconductor in 1984.

By the time Han returned to Thailand, Hana was suffering from two problems: the integrated circuit and semiconductor packaging business was undercapitalised and the traditional management structure was such that nobody dared to tell his father – the revered, paternalistic and all-powerful boss – what was going wrong. Losses on the semiconductor business almost matched the watch profits and the watch market was becoming increasingly competitive.

"No manager ever told my father he was wrong," says Han. "In Thailand, because of this respect for one's elders, initiative in middle management is lacking. My father would never be questioned so he could never get feedback or decision-making from middle management. The company had grown and it was still very much a top-down management structure."

His father's mistake, says Han, lay partly in creating a financial framework for the capital-intensive semiconductor business that was almost identical to the successful formula adopted for its more labour-intensive forerunners. "The capital was enough to buy half of one of those wirebonding machines," he says. "Now we've got 50 of them."

With his father still urging him to sell the semiconductor business, Han, applying what he had learned at business school in between selling flowers and watches, set about raising money and building a new factory to introduce the economies of scale he believed were necessary.

Whereas his father had balked at mass production and thought Hana could operate as a "niche player", Han realised that customers wanted to be sure that Hana could produce large runs of good quality at a reasonable price. "We are in a service industry. I'm not selling a product, I'm selling a service," he says.

Promising to go public, Han sold 10 per cent of the company to outside investors, who diluted the absolute power of the family and were able to offer advice on financial strategy in the boardroom.

Today, Hana is listed on the Stock Exchange of Thailand and its shares – in contrast with those of other Thai electronics groups which have suffered falling profits – are sought after by foreign investors. Net profits have risen eightfold since 1988, and third-quarter profit this year was Baht84.7m (£2.24m), nearly double the figure in the same period last year.

Han says the company, which now employs 3,700 people, counts Kodak among its customers (it makes small circuit boards for Kodak cameras), is building a new factory in northern Thailand, will spend $15m (£10m) on new equipment next year and is looking for suitable acquisitions.

Han credits his father for spending time in Hong Kong and letting him tackle the restructuring. "It very much depends on the parent-son relationship," he says. "It depends if the father is willing to release the reins. There are companies where the father still retains a stranglehold over the whole operation."

CONTRACTS & TENDERS

Warwickshire County Council is seeking to appoint a balanced fund manager company to manage an investment portfolio on behalf of the Warwickshire County Council Superannuation Fund.

Notice was sent to the Official Journal of the European Communities (OJEC) on 9th November 1993.

The following details should be read in conjunction with the "model notice - negotiated procedures" under the Services Directive 92/50/EEC.

1. Warwickshire County Council, (Adminstering Authority for the Warwickshire County Council Superannuation Fund)
   PO Box 3, Shire Hall,
   Warwick CV34 4RH
   Tel: 0926 410410
   Fax: 0926 412962
2. Category 6.b: Portfolio management services.
   CPC Ref: 813 8132 81323
   Management of a balanced superannuation investment portfolio of approximately £160m
3. On behalf of the Superannuation Fund which is situated as in 1.
4. (a) by law.
   (b) P3 (1) (a) and P3 (5a) of the Local Government Superannuation Regulations 1986.
   (c) Not applicable
5. Must tender for all of the service.
6. A short list of 4 to 8 tenderers will be invited to tender.
7. Variants will not be accepted.
8. The contract will be awarded for a 12 month period with a renewal option subject to satisfactory performance.
9. Not applicable.
10. a) Not applicable.
    b) 17th December 1993.
    c) Warwickshire County Council, PO Box 3, Shire Hall, Warwick CV34 4RH
    d) English.
11. If the company is a member of a group of companies, the ultimate holding company will be required to guarantee contract performance.
12. The minimum standards will be set out in the questionnaire that will be sent to all appropriate respondents. A short list will be drawn up based on the questionnaire responses. This will be followed by visits to fund managers offices and presentations to the Investment Panel.
13. Not applicable.
14. Other information during office hours from the address in 1, Oliver Winters, Group Accountant.
15. 9.11.93
16. 9.11.83
17. Not applicable.

BUSINESSES FOR SALE

Swithland

Swithland Group PLC

Motor Dealerships – Midlands

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of the Swithland Group PLC and its subsidiary companies, a well established group of car dealerships which traded from freehold and leasehold premises and formerly incorporated full manufacturers franchises, used car centres, together with the associated activities of petrol retailing, car hire, bodyshop, service and repair centres.

The group's motor vehicle activities operate from locations as follows:

Mountsorrel, Leicester (freehold)
Head Office,
Used Car Centre
and Car Hire
1992/93 unit sales:
Used – 388

Mountsorrel, Leicester (leasehold)
Previously Ford
(Retail Dealer Service)
and Jet Petrol Station

Sileby, Leicestershire (freehold)
Previously Ford (Retail Dealership) and
Used Car Centre
1992/93 unit sales:
New – 175; Used – 141

Hinckley (leasehold)
Previously Proton
Franchise, Used Car
Centre and Car Hire
1992/93 unit sales:
New – 25; Used – 99

Nottingham (freehold)
Used Car Centre
1992/93 unit sales:
Used – 340

Chesterfield (freehold)
Used Car Centre and
Texaco Petrol Station
1992/93 unit sales:
Used – 318

Leicester, Woodgate (freehold)
Used Car Centre
and Car Hire
1992/93 unit sales:
Used 526

Leicester, Blackbird Road (freehold)
Previously Fiat Franchise
1992/93 unit sales:
New – 50; Used – 158

Birmingham, Hall Green (freehold)
Previously Fiat/Lancia
Franchise, Used Car
Centre and Car Hire
1992/93 unit sales:
New – 200; Used – 379

Derby (leasehold)
Used Car Centre
and Car Hire
1992/93 unit sales:
Used – 531

Nottingham (freehold)
Body Repair Centre
1992/93 unit sales:
Used – 340

Leicester, Norman Road (leasehold)
Parts Warehouse

Market Harborough (leasehold)
Previously Rover
Franchise, Used Car
Centre and Car Hire
1992/93 unit sales:
New – 75; Used – 152

Kidderminster (leasehold)
Previously Proton
Franchise and
Used Car Centre
1992/93 unit sales:
New – 20; Used – 300

Additional sites are as follows:

Earl Shilton, Leicester (freehold)
1992/93 unit sales: 151

Mansfield (freehold)
1992/93 unit sales: 184

Kenilworth (leasehold)
1992/93 unit sales: 195

Leicester, Catherine Street (freehold)
1992/93 unit sales: 156

Birmingham, West Bromwich (freehold)
1992/93 unit sales: 292

Further activities include:

Loughborough (leasehold)
(Wymeswold Hall) – Gordon Banks Promotions.
Provision of corporate hospitality service.

Loughborough (leasehold)
(High Street) – JR Personnel.
Personnel recruitment and training services.

For further information please contact the Joint Administrative Receiver, Myles Halley or John Wheatley, KPMG Peat Marwick, Peat House, 1 Waterloo Way, Leicester, LE1 6LP. Tel: 0533 471122, Fax: 0533 547626, or contact a member of their staff at the company's premises at Mountsorrel, Leicester. Tel: 0533 374247, Fax: 0533 591399.

KPMG Corporate Recovery

Glass & Glazing Limited

(In Receivership)

Southampton

The above company manufactures a wide range of uPVC windows and double glazed units for the trade.

- Wide customer base
- Glass handling and cutting line
- Sealed unit line
- uPVC production line
- 3 leasehold properties
- Skilled workforce
- Turnover £3 million

For further details contact the Joint Administrative Receiver, Peter Hall, Grant Thornton, 31 Carlton Crescent, Southampton SO1 2EW.
Tel: 0703 221231. Fax: 0703 330443.

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Retailers of Wool and Children's Clothing

Kent and Surrey

Ghinns Limited (In Receivership), established over 100 years, is a well known High Street retailer of wool, baby and children's clothing and equipment.

- Turnover £2.7 million per annum
- 16 retail outlets averaging 1,150 sq ft each, 1 freehold, 15 leasehold in High Street sites throughout Kent and Surrey
- 4,800 sq ft of leasehold warehouse and offices in Orpington, Kent
- Extensive range of stocks, including established own label

For further details contact the Joint Administrative Receivers: Len Handscombe or Peter Flesher, Grant Thornton, Ashdown House, 125 High Street, Crawley, West Sussex RH10 1DQ.
Tel: 0293 561383. Fax: 0293 561392.

Grant Thornton

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ANNOUNCEMENT FROM SÜMER HOLDİNG A.Ş.

As a part of the privatization programme Sümer Holding A.Ş. offers for sale its Antalya Cotton Textile Joint Stock Company by sealed tender and sale negotiations procedure.

THE PLANT TO BE SOLD	SHARE CAPITAL OF THE COMPANY (1000 TL)	PERCENTAGE OF SHARES SUBJECT FOR SALE (%)	NOMINAL VALUE OF SHARES (1000 TL)	AMOUNT OF BID BOND (1000 TL)
ANTALYA Cotton Textile Joint Stock Company (Antalya Pamuklu Dokuma Sanayi T.A.Ş.)	22.800.000	88.36	20.146.500	3.000.000

1- The Information Document and sale specifications of the above company is available for a fee of TL 250.000, at the General Directorate of Sümer Holding A.Ş., at the address below.

2- The offerors are required to provide an irrevocable, unconditional (payable at first demand) tender bond for an amount of 3.000.000.000 Turkish Liras and valid for a period of at least six months to the below address of the General Directorate. Offers prepared in compliance with the sale specifications should be submitted to the Correspondance Department of Sümer Holding A.Ş. General Directorate at Çankırı Caddesi No: 2 Ulus/ANKARA, not later than 3 P.M. on January 20, 1994.Delays in post shall not be accepted.

3- Sümer Holding A.Ş. is not subject to the restrictions specified in the State Tender Law No. 2886 dated 8 th September 1983 and reserves the right to decide whether or not to sell the plant and to extend the deadline of the tender, if deems necessary.

SÜMER HOLDİNG A.Ş.
Çankırı Caddesi No: 2 06042 Ulus/ANKARA-TURKEY
Phone: 00-90-312-310 38 30 Fax: 00-90-312-311 72 33

FOR SALE

Explosive growth company.
Price: 60 mio Bef or US $ 1.7 mio.
All equipment and personnel included. Turnover 1.2-2.2 mio US $ per annum. High profits.
Clients: 15,000 entrepreneurs.
Contact: Tel 32/3/777.39.92

BRML LEVEL 5

British Rail Maintenance Limited and Level 5 Depots

British Railways Board is considering the sale of its rolling stock heavy maintenance works facilities

The works facilities proposed for sale provide the majority of British Rail's rolling stock heavy maintenance requirements and handle both passenger and freight rolling stock. They are located at Doncaster, Eastleigh, Springburn (Glasgow), Wolverton, Ilford and Chart Leacon (near Ashford in Kent). Also being sold are two electronic service centres at Swindon and Eastleigh. In the year to 31st March, 1993 the works facilities reported combined turnover of some £186 million.

Any party interested in this possible acquisition opportunity should contact Mr. I. Rawlinson: Lazard Brothers & Co., Limited, 21 Moorfields, London EC2P 2HT (telephone 071-588 2721; fax 071-628 2485) by Friday, 10th December, 1993.

This advertisement is issued by British Railways Board and has been approved by Lazard Brothers & Co., Limited for the purposes of section 57 of the Financial Services Act 1986. Lazard Brothers & Co., Limited is a member of SFA.

Touche Ross

John Williams Foundries Limited

(In Administration)

The Joint Administrators, R. G. Ellis and A. M. D. Bird, offer for sale the business and assets of the above company located at the Curran Embankment, Cardiff.

- *Principal business – manufacture of alloyed and unalloyed ductile castings.*
- Leasehold Property – 90,000 sq. ft.
- Turnover approx. £9 million.
- Niche market for turbocharger housings and high pressure filter heads.
- Commensurate high level quality approvals.
- Approximately 300 employees.
- Substantial order book for Blue Chip customer base.

For further information, please contact J. Reid, C. Trigg or P. Evans at the company on 0222 397231 or alternatively at the address below.

Deloitte Touche Tohmatsu International

Blenheim House, Fitzalan Court, Newport Road, Cardiff CF2 1TS.
Tel: 0222 481111. Fax: 0222 482615.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

D. Hall (Precision Engineers) Ltd.

(In Adminstrative Receivership)

The Joint Administrative Receivers WS Martin and D Bailey offer for sale the business and assets of the above company on a going concern basis.

- *Long established precision engineers manufacturing specialised components for the railway industry and sub contract engineers*
- *Excellent customer base*
- *Turnover in excess of £500k*
- *Good current order book*
- *Skilled workforce*
- *Operating from freehold premises located in the Stoke-on-Trent area fully equipped with CNC and conventional machine tools.*

For further details please contact Geraldine Rigby or either of the Joint Administrative Receivers. Ernst & Young, 17 Marble Street, Manchester M2 3AW. Telephone: 061-952 1312. Facsimile: 061-834 7117.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

On the Instructions of Mr KA Robinson FCA, Receiver and Manager, Anglo International Hotels Limited (In Receivership)

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WHITE'S HOTEL

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- Private Penthouse
- Roof Top Pool and Bar with Sun Terrace
- Restaurant and Lounge Bar
- Adjoining building with development potential

£6,000,000 freehold

For further details please contact Gerard Nolan

CHRISTIE & Co
CORPORATE & INTERNATIONAL DIVISION
Tel: 071 486 4231 Fax: 071 935 4032

BUSINESSES FOR SALE

Appear in the Financial Times on Tuesdays, Fridays and Saturdays.

For further information or to advertise in this section please contact

Karl Loynton on
071 873 4780
or
Melanie Miles
071 873 3308

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

THE WHITTON GROUP PLC

(In Administrative Receivership)

The Joint Administrative Receivers, Simon Freakley and Lee Manning, offer for sale the businesses and assets of the Whitton Group. The Group includes:

- Industrial Gas Turbine Accessory Division.
- Light Gas Turbine Generator Division.
- Precision Engineering Division.

Gross sales year ended March 1992 totalled approximately £2 million.

For further information, please contact Andrew Stoneman or Keith Gibson at Buchler Phillips Group, 84 Grosvenor Street, London W1X 9DF.

BUCHLER PHILLIPS
CHARTERED ACCOUNTANTS

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Coopers & Lybrand

LONG ESTABLISHED PLANT NURSERY

Kelways Nurseries Limited

The Joint Administrative Receivers offer for sale as a going concern, the business and assets of this plant nursery in Somerset, the oldest commercial nursery in England.

Principal features of the business include:

- 40 acre freehold premises at Langport, Somerset
- principal UK supplier of peonies; major supplier of irises, bulbs and herbaceous plants
- extensive mail order list
- turnover of £579,000 for 11 months to 30 September 1993
- business established in 1851.

For further information please contact the Joint Administrative Receiver, R W Birchall, at Coopers & Lybrand, 66 Queen Square, Bristol BS1 4JP. Telephone: (0272) 292791. Fax: (0272) 307008.

Coopers & Lybrand is authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

TECHNOLOGY

Experts tackle the bills

Electricity is one of the highest costs for the water industry because of the power needed to run pumping stations 24 hours a day. An Israeli company, with a staff of six, is now winning orders from UK water companies for a computerised control system to cut those bills.

Welsh Water, the first to have the system running, says it is saving up to 15 per cent of its electricity bill at its biggest treatment works, Court Farm, supplying Cardiff and Newport. This should mean an annual saving of more than £100,000. The system, called WaterExpert and designed by Intellect Expert Systems, is also being developed at two of its other plants.

The impetus for WaterExpert was the electricity price pool – the complex wholesale market set up when the electricity industry was privatised – and the need to match water demand with the optimum tariff. Michael Harrington, divisional operations manager for Welsh Water, says: "With the electricity price changing 48 times a day, the only way to control that is with some form of expert system. It is a very difficult job to do it manually or mentally."

Fed into WaterExpert, which uses a PC with software tailored to each plant, are factors such as reservoir levels, river abstraction rates, water quality, weather forecast and likely demand. It then produces a 24-hour operation schedule, either on-line or off-line, to initiate the opening and shutting of pumps and valves. The plan is modified automatically to take account of changes in demand or a mechanical failure, but it can also be adjusted by the operator.

Intellect Expert Systems says WaterExpert should pay for itself within a year and the company has orders from three other UK water companies. John Roberts, works controller at Court Farm, says: "The system is very user friendly. It does save electricity costs and management time – there is not so much time spent with paper and pencil."

Roland Adburgham

The Internet global network is leading the way down the information superhighway, writes **Louise Kehoe**

Casting the net worldwide

Intrigued by glowing accounts of rich information resources and lured by the promise of a free international electronic mail service, computer users are signing up in droves to services that offer access to the Internet, a global web of computer networks.

Already, the Internet links thousands of computers and an estimated 15m computer users. One million new subscribers a month are said to be hooking up their computers to "the Net".

Public awareness of the Internet has been raised in part by the Clinton administration's promotion of the "national information infrastructure" as a development that will bring broad economic and social benefits to all Americans.

The Internet is the precursor of the high-speed information superhighway system. It provides free access to thousands of computer databases, the opportunity to engage in a myriad of on-line debates or special interest group discussions and the ability to exchange electronic messages with other users almost anywhere in the world at little or no cost.

From its genesis in a 1969 US Defence Department project to provide computer links between researchers at US universities and national laboratories, the Internet has grown into a vast web of public and private computer networks, about half of which are in the US. Although it lacks the speed and bandwidth of future information superhighways, the Internet demonstrates the potential value of data communications, as well as some of the challenges that lie ahead on the information superhighways. By creating digital links to distant information resources, for example, the Internet is beginning to eliminate the constraints that geography places on access to education, jobs and services.

"[Students] can now access Nasa, leave messages for the astronauts, browse around in libraries larger than they will ever be able to visit ... read world and national news that appears in newspapers that are not available in their small towns ... change the way they feel about the size of their world," a teacher from a small Texas school district writes in "The National Information Infrastructure: Agenda for Action", a report by Clinton's Information Infrastructure Task Force (IITF).

Businesses are taking advantage of the vast libraries of research reports available on the Internet. Small companies that cannot afford private computer networks can use the Internet to link distant sites. Software developers and insurance companies are using the Internet to shift labour-intensive programming and data processing jobs to low-cost regions of the world.

The growing use of the Internet also points to an urgent need for higher capacity information highways. Already, there are data traffic jams on the Internet as millions of new users explore its resources. New high-speed data channels are essential if the whole system is not to become gridlocked.

Widening the "roads" of the Internet may not, however, be sufficient to provide broad public access to information resources. Indeed, the history of the Internet would suggest that it may encourage even more traffic. The establishment in the 1980s of the National Science Foundation Network, which provided a high-speed "backbone" for the Internet, spurred a vast increase in its use.

The entire information infrastructure – "bridges" linking different networks and "on and off ramps" providing access to individual computers – will have to be upgraded if there is to be "universal access" to information resources as the Clinton administration is insisting.

The shortcomings of the Internet also raise questions about the design of information superhighways. Despite its rising popularity, the Internet can be fully exploited only by people with a significant degree of computer expertise.

To be accessible to a broader spectrum of society, information superhighways will have to be far easier to use. This will require the development of interface software that hides the complexity of the network from its users.

The lack of any central control over the Internet has enabled it to grow rapidly as thousands of regional and local area computer networks have plugged in. However, the flexibility of the Internet also makes it far more complex.

There is, for example, no catalogue of resources on the Internet. The Internet is therefore difficult to use unless you know exactly what you are looking for and where to find it. Similarly, the Internet lacks the equivalent of a telephone directory. To send messages to another Internet user you have to know their Internet address, but there is nowhere to look it up.

Data security is another weakness. As numerous security violations have shown, however, ensuring data privacy may prove difficult. The thorny question of the rights of law enforcement officials to "snoop" on the data highway has also to be addressed.

Access to vast amounts of information is not the whole answer. The power to discover the right information quickly and easily, to separate "nice to know" from "need to know" information is essential if information superhighway users do not drown in electronic "junk info".

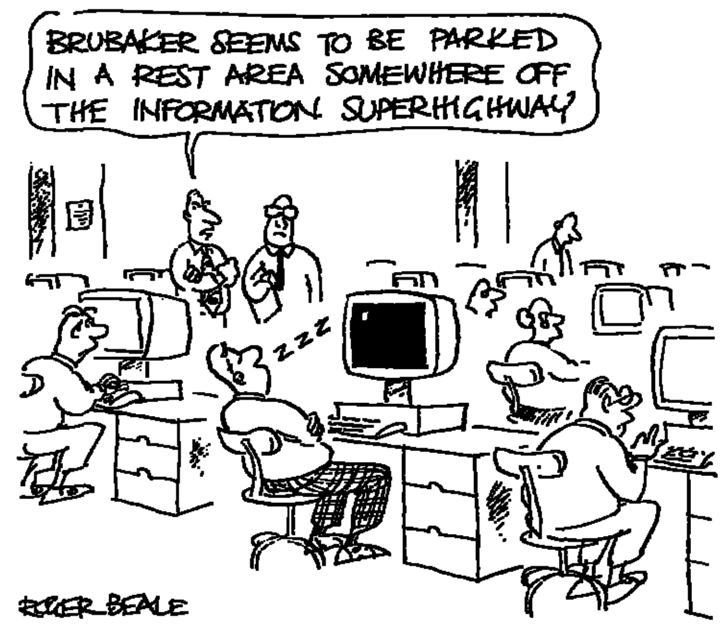
Perhaps the most critical issues raised by the Internet relate to intellectual property rights. On the Internet, anybody can copy any material – whether it be a newspaper article or a graduate thesis – without charge. Essentially, this means an individual who posts information on the Internet forfeits rights of ownership.

The IITF is currently evaluating the need for a system that enables information providers to collect royalties for copyrighted products delivered or made available through information superhighways.

The Clinton administration has acknowledged that unlike the Internet, the information superhighways of the future will be built and controlled by the private sector. However, the government will have a critical role to play in determining that all Americans have "universal service at affordable prices" and in writing the "rules of the road".

Commercially owned, government-regulated, high-speed information networks will be capable of delivering a myriad of services, ranging from interactive television and on-line shopping to video-conferencing and information services akin to those of the Internet.

Ironically, however, while newcomers to "telecomputing" may welcome such developments, veteran Internet navigators fear commercialisation and regulation will doom the free-wheeling spirit that has enabled the Internet to thrive.



A challenging skill to master

For the networking neophyte, entering the Internet feels like arriving in a foreign city where you don't know a soul and can't speak or read the language. At first, you suffer from culture shock and finding your way around is a real challenge.

To master the Internet, you should be prepared to invest considerable time and effort. "User friendly" is not a term that has penetrated cyberspace.

Prior experience in using commercial on-line information services such as Compuserve, Prodigy or America Online will give you a head-start. For many PC users, these easy-to-use services may prove more rewarding than launching into the unstructured world of the Internet. They have recently started offering an electronic mail service over the Internet at a small charge.

If you have a taste for something more adventurous, or a more limited budget, sign up with one of the Internet public access services – CIX in the UK and The Well in California are well-known among Internet aficionados.

Participating in one of the numerous conferences or newsgroups that are constantly under way on the Internet is a good way to get your feet wet. While you can learn a lot from these, the most valuable function of the Internet is the access that it provides to remote databases. Learning how and where to find useful information is the biggest challenge for Internet users.

Several information search-and-retrieval tools are available on the Internet. The best known include Archie, Gopher, WAIS and World Wide Web. Each offers a standard method of finding information and downloading it from various computers on the Internet. Details of how to use these programs can be found in several Internet guidebooks.*

But even if you know where to look for whatever it is you are trying to find on the Internet, you still face the challenge of figuring out the commands needed to get to the files you are seeking.

Unfortunately, depending upon the type of computer you are using, and where your travels take you on the Internet, you may find yourself facing computers that "speak" several different dialects.

A knowledge of the Unix operating system is "useful", the experts suggest. This is rather like saying that it may be useful to speak French if you are going to live in France. You can survive without the language, but will be at a big disadvantage.

Even disconnecting from the system can be a challenge. "Try one of these commands: exit, quit, logout, leave, goodbye, ciao, disconnect, CTRL-D or CTRL-Z," Tracy LaQuey and Jeanne Ryer advise in *The Internet Companion*, a beginner's guide. If none of these works, "press lots of keys to abort". With luck you will hit the right combination.

If this sounds like too much to handle, do not despair. America Online, one of the easy-to-use commercial information services, is promising to deliver full Internet access via its point-and-click graphical interface next year.

In the meantime, the good news is that sending and receiving electronic mail on the Internet is quite straightforward. Put an Internet address on your business card and everyone will assume you are already a network wizard.

**Internet Guidebooks:*
The Internet Companion. By Tracy LaQuey with Jeanne C Ryer. Published by Addison Wesley. A pocket-sized guide with plenty of Internet lore.
The Internet Guide for New Users. By Daniel P Dern. Published by McGraw-Hill. A comprehensive reference book.
Connecting to the Internet. By Susan Estrada. Published by O'Reilly & Associates. Practical information on how to get hooked up to the Internet.
Zen and the Art of the Internet: A Beginner's Guide to the Internet. By Brendan Kehoe. Published by Prentice-Hall. Short and sweet, everything you need to know to get started.
The Whole Internet User's Guide and Catalog by Ed Krol. Published by O'Reilly & Associates. This is the Internet Bible. It is encyclopedic and clear.

LK

BUSINESS AND THE LAW

When national limits are legal

EUROPEAN COURT

National laws restricting or prohibiting certain selling arrangements do not infringe Rome treaty rules on the *free movement of* goods, provided the laws are not aimed at imports from other member countries and provided they have the same effect on the commercial freedom to market domestic products as on imports, the European Court ruled last week.

In a landmark ruling, all 13 judges said that, where those conditions were satisfied, this kind of national regulation was not by its nature intended to prevent or hinder access to the market by imports any more than it impeded the access of domestic products.

The Court's ruling was in response to questions raised by the Strasbourg Tribunal de Grande Instance in connection with criminal proceedings against a *Mr* Keck *and* a *Mr Mithouard.*

They were prosecuted for reselling products in an unaltered state at prices lower than their actual purchase price, in contravention of the French law which prohibits resale at a loss.

In their defence, they argued that a general prohibition of resale at a loss was incompatible with the treaty ban on import restrictions as well as other rules on free movement and competition.

At the outset the ECJ said that it was only appropriate to look at prohibition of resale at a loss from the perspective of the free movement of goods, since the prohibition was concerned with the marketing of goods.

The Court confirmed its 1974 ruling in the *Dassonville* case that any measure which is capable of directly or indirectly, actually or potentially, hindering intra-Community trade can constitute an import restriction prohibited by the treaty.

However, the fact that such leg*islation may restrict the volume of* sales in the market concerned, and therefore the volume of sales of imports, is not decisive. It was not the purpose of national legislation imposing a general prohibition of resale at a loss to regulate trade between member countries.

Before making its new ruling clarifying the scope of Community *law in the context of import* restrictions, the Court referred to its 1979 landmark decision in the *"Cassis de Dijon"* case.

The Court said this held that, in the absence of harmonisation of legislation, import restrictions *prohibited by the treaty included* obstacles to the free movement of goods where they were the consequence of applying national rules laying down certain requirements to be met by goods to imports from other member countries where they are lawfully manufactured and marketed, even if those rules apply without distinction to all products.

The only exception was when the application of the rules can be justified by a public-interest objective taking precedence over the free movement of goods.

But the Court then said: "However, contrary to what has previously been decided, the application to products from other member states of national provisions restricting or prohibiting *certain selling arrangements is* not such as to hinder directly or indirectly, actually or potentially, trade between member states within the meaning of the *Dassonville* judgment", provided that the non-discrimination conditions are satisfied.

The Court said this kind of rule falls outside the scope of the treaty ban on import restrictions.

The judgment is important for business. First, the Court has set out to clarify the Rome treaty's ban on import restrictions in the context of national rules which limit commercial freedom but are not aimed at products from other member countries.

It specifically refers to the need to re-examine and clarify its case law in view of the increasing tendency of businesses to invoke the treaty ban on import restrictions as a means of challenging any rules which limit their commercial freedom, even where such rules are not aimed at imports from other member countries.

Second, the Court expressly acknowledges that this new ruling is "contrary to what has previously been decided".

Joined Cases C-267 and 268/91, Bernard Keck and Daniel Mithouard, ECJ FC, 24 November 1993.

BRICK COURT CHAMBERS, BRUSSELS

View from America

US lawyers claim they are better than Europeans, says Robert Rice

It will come as no surprise to European law firms that US lawyers have a pretty high *opinion of themselves when it* comes to providing international legal services.

Their opinion of European lawyers, however, is not so flattering. According to a survey of America's top 400 law firms, conducted by *Global Research, the market* research organisation, US lawyers believe their European counterparts are less hard-working and less capable of taking an aggressive commercial stance in deal-making.

Comments ranged from the relatively *restrained: "We are ahead on* the cutting-edge developments in capital markets" – something Linklaters, Allen & Overy, Clifford Chance, Slaughter and May and Freshfields might dispute – to the more forthright: "US firms take a more proactive approach, whereas the Europeans only react when asked to."

Historically, there may be some justification for such a viewpoint. Many US corporations active in international markets have preferred to take their US lawyers with them rather than look for a suitable local alternative. US investment banks also appear to be more comfortable working with US lawyers.

But it is questionable whether such a gap still exists between the leading US and European firms, *particularly in western Europe,* which is viewed by US law firms as their most important international jurisdiction. Even in the Asia/Pacific region, regarded by the Americans as their second most important market, the gap between the US firms and the UK and Australian firms has closed in recent years.

Nevertheless, respondents to the survey felt they had a competitive advantage over non-US law firms when operating in foreign jurisdictions for several reasons. These included greater knowledge and understanding of multinational commercial transactions, a stronger work ethic, more expertise in specialist areas, greater efficiency and more competitiveness on price.

The price question – whether US law firms are cheaper than European ones – is likely to remain unresolved while there continues to be such a difference of approach in the way that firms bill their clients.

The American claim to be *cheaper appears to be based on the* assertion that they are more productive. The number of hours billed by US lawyers last year averaged 1,752 for partners and 1,864 for associates, compared with an average of 1,570 and 1,520 respectively in Europe.

But these figures ignore the revolution that has taken place in charging practices over the past two years, such as contingency and success fees, brought about by the recession. US firms apparently still *rank the number of hours spent on* a job as the most important criterion when billing clients. It is doubtful whether many European firms take that view.

LAWYERS ON LAWYERS: The US top 10

	Firm	Score
1	Cravath Swaine & Moore	256
2	Skadden Arps Slate Meagher & Flom	238
3	Wachtell Lipton Rosen & Katz	236
4	Wilmer Cutler & Pickering	234
5	Shearman & Sterling	230
6	Vinson & Elkins L.L.P.	205
7	Arnold & Porter	184
8	Davis Polk & Wardwell	168
9	Dewey Ballantine	158
10	Sullivan & Cromwell	156

Respondents were asked to recommend three firms in each of a variety of practice areas which in their view constituted the greatest competition. The final listing was then achieved by combining all the recommendations. Source: Global Research.

WHY US FIRMS BELIEVE THEY ARE BETTER

Advantage
Greater knowledge and understanding of multinational commercial transactions
Work ethic
Expertise in specialist areas
Knowledge of US law
Efficiency
Size of US legal operations
Use of technology
Price
Better trained lawyers
US relationship with economic powers

[illegible]

In spite of the upbeat responses to the survey, the US profession seems much less confident of its standing in the global legal services market and, in many instances, unsure of how best to position itself as recession turns slowly to recovery, according to Global Research.

About 60 per cent of respondents see themselves as international rather than US law firms, but few have invested in new overseas offices recently. Resources are scarce after a couple of lean years, and many have not decided how to allocate the limited spare cash they have available.

Respondents to the survey said corporate work was currently the most important source of business

The survey suggests that US firms must answer several difficult *questions when working out their* strategy. Should they concentrate on Europe, where competition from UK and other European firms has made market conditions more difficult? Or should they be opening offices in the Asia/Pacific rim to target the emerging markets of Vietnam, Thailand, the Philippines, Indonesia and India?

Given the tough time many firms have had of late, few will be able to afford such a high-cost strategy, particularly as most firms must *expect to wait two or three years* before seeing any return on their investment.

On the other hand, can they afford to wait until they have built up sufficient cash reserves at home to fund such overseas expansion? The risk of allowing their competitors to become established in these markets is considerable.

Those who, owing to limited resources, have little alternative but to wait for domestic recovery before contemplating further expansion should take heart from the fact that two of the three firms rated the best in the US by their peers – Cravath Swaine & Moore, and Wachtell Lipton Rosen & Katz – have achieved such a reputation in spite of their relatively small size, their low-key approach to marketing and without a large overseas presence.

They should also be encouraged by the $1bn Singapore Telecom privatisation, one the biggest deals ever to come out of Asia. Two New York firms, Sullivan & Cromwell and Cleary Gottlieb Steen & Hamilton, neither of which had an office in Singapore, were appointed this year as lead advisers on the deal, much to the dismay of the US and UK firms which bid for the work from their Singapore bases.

This deal, says Global Research, underlines more than anything that there is no right or wrong approach to overseas expansion.

Those firms still undecided on their best strategy must also bear in mind that the international legal market is changing. US and UK firms are increasingly competing for international work on each other's home territory.

The first indication of a change in the relationship came recently with the decision by Clifford Chance, the UK law firm, to hire a US-qualified regulatory lawyer in its New York *office.* It was followed by the announcement by several New York firms that they would shortly begin appointing English solicitors to their partnerships.

Such open competition for international work in each other's backyards is set to become more common, as there is an increasing volume of work that could be done as easily under UK or US law.

Perhaps in recognition of the difficult trading conditions overseas, US lawyers appear to be pushing a revival in domestic markets. Mr Joseph Flom, the doyen of Wall Street mergers and acquisitions lawyers, was quoted recently as saying the big companies now had money available and soon they *would be saying: "I've got money to* lend – where am I going to lend it?"

It is unlikely that we are on the verge of a mergers and acquisitions boom such as that of the late 1980s, but Mr Flom is not alone in predicting an upturn in *M&A activity.*

Respondents to the survey said corporate work was currently the most important source of business, followed by securities, bankruptcy and insolvency work, M&A, banking, tax and litigation.

Immigration, telecommunications, investment management and product liability were identified as the main growth areas, with M&A leading the list of specialities making a comeback. Other areas expected to show a recovery included environmental issues, asset finance and intellectual property. Bank*ruptcy and insolvency will become* progressively less important.

This optimism, however, is dampened by the knowledge that the dynamics of the market have changed. Lawyers have to learn the trick of maintaining market share in the face of increased competition. Or, as one lawyer put it to Global Research, they have to learn to live in a market characterised by "fee pressure downward, cost pressure upward".

Lawyers on Lawyers in America, by Global Research, Euromoney Publications, Nestor House, Playhouse Yard, London EC4V 5EX. $695

LEGAL BRIEFS

Views sought on simplifying trust rules

The Law Commission has issued a consultation paper on simplifying the English law of trusts, almost 30 years after Parliament last had a go at it. The paper asks whether the time has come to change the complex rules – "the rule against perpetuities" and "the rule against excessive accumulations" – *that effectively* limit the period for which a trust may last.

Among the questions being considered are: Should we seek to curb the "dead hand control" of former owners, reaching out *to control their property beyond* the grave? Do other provisions, such as inheritance tax, exert enough pressure to stop trusts lasting too long? If an estate is tied up a long time, does it unreasonably hamper development or discourage economic use of land? And would accumulating money for a long time damagingly concentrate wealth in the hands of only a few people?

Law commissioner Trevor Aldridge says it is clear the present law is "convoluted, obscure and capricious. If it is still important to keep control of trusts in this way, the rules should be easier to understand and simpler to apply. On the other hand, if we need no controls, the rules should be scrapped."

Merger complete

The "merger" between Dibb Lupton Broomhead, based in Leeds and London, and Needham & James, of Birmingham and Stratford-upon-Avon, finally comes into operation tomorrow. The merger has given Dibb Lupton the presence in the west Midlands that it needed to further its ambitions to become the first truly national law firm in England – a title the constituent firms of the Eversheds group might dispute. The name of Needham & James will disappear in Birmingham.

PEOPLE

Inchcape reduces its board

Two of Inchcape's most senior directors are leaving the international services and marketing group, and the company has decided to take the opportunity to have a smaller and more strategically focused main board.

According to Charles Mackay, the chief executive, the move to a smaller board is not intended to diminish the importance of the group's business streams – motors, marketing and business services. Indeed, the intention is to give each its own own board and increase their operational and financial autonomy.

Alan Marsh, 57, who will take early retirement in May, is responsible for Inchcape's worldwide businesses with Toyota. He will be succeeded by *David John, 55, currently* the main board director for Inchcape's marketing business stream.

Reg Heath, 52, who will leave on September 1 next year, is the main board director responsible for the group's other motor businesses, apart from Toyota. He was chief executive of Tozer Kemsley & Millbourn, the motor distributor which Inchcape bought for £376m at the end of 1991. A well-known figure in the UK motor trade, Heath is credited by Inchcape with having done a "terrific" job in integrating TKM. He is likely to receive plenty of offers, but so far has made no plans.

Alan Davies, 44, will replace David John as chief executive of the marketing business stream. Maurice Rourke, 45, will succeed Heath as chief executive of Inchcape's motor businesses, other than Toyota. Neither Davies nor Rourke will be appointed to the main board.

Simon Arnold, 60, will also step down from the main board in *May, having reached retire*ment age. He will, however, continue as chairman and chief executive of Bain Clarkson, a position he has held since 1985 as part of his overall responsibility for Inchcape's worldwide insurance services business.

John's move to run the Toyota businesses reflects the continuing importance to Inchcape of its links with the Japanese group. In 1990 Toyota paid Inchcape £60m for a stake in Toyota (GB), the UK distribution company, which will rise to 51 per cent in 1998. John has known Toyota from his time as chief executive of Inchcape Berhard, when he was responsible for Toyota operations in Singapore and Brunei.

Davies, who replaces John as chief executive of Inchcape's marketing business stream, joined the group in 1989 and became chief executive of Inchcape Middle East last year. Before joining Inchcape, he spent 16 years with Rothmans International, the tobacco group.

Rourke, who succeeds Heath, is currently development director for Inchcape's motor businesses other than Toyota. He has 20 years experience in the European motor industry and worked with Renault UK and BMW before joining TKM in 1977.

Non-executive directors

■ *Sir Sydney Lipworth* (above left), deputy chairman of National Westminster Bank and a former chairman of the Monopolies & Mergers Commission, at CARLTON COMMUNICATIONS.

■ John Bond (above right), group chief executive of HSBC Holdings, at the London STOCK EXCHANGE, following the resignation of Lord Alexander of Weedon on his appointment as deputy chairman of the SIB.

■ *The Hon Janet de Botton,* who is a daughter of Lord Wolfson, at Christie's, the international fine art auctioneers. Along with her husband, Gilbert de Botton, she is one of the UK's leading collectors of contemporary art.

■ Alan Pink, a director of Zeneca, at SMITHS INDUSTRIES.

■ Michael Haines, recently retired chairman of KPMG's public sector industry group, at *CLUFF RESOURCES;* Andrew McQuillan and Charles Letts have retired.

■ Michael Donovan, md commercial of Rolls-Royce Motor Cars, at VICKERS medical division.

■ John Abell, former chairman of Orion Royal Bank, at ALLIED TRUST BANK.

■ Sir Derek Hornby, chairman of the British Overseas Trade Board, and Lindsay Bury, chairman of South Staffordshire Water Holdings, at BOXBORO GROUP.

■ Ravi Pal, a management consultant, at VAX.

■ Daniel Bejarano, executive chairman of FDES Holdings, at CAPITAL INDUSTRIES.

■ Robert Alcock, group md *of Norcros, at The CAPITA* GROUP.

■ Richard Jowitt, md and chief executive of Electronic Data Processing, at JOS HOLDINGS.

■ Frank Neale has resigned from VERSON INTERNATIONAL GROUP.

■ Peter Isaac, European president of the management consultancy ALEXANDER PROUDFOOT, chaired by Lord Stevens *of* Ludgate, has left after 20 years with the group.

The news broke yesterday, after an internal memo circulated in the company and jointly signed by Isaac and Proudfoot's chief executive, John Prosser, was leaked to the media.

Proudfoot has been going through tough times recently; at its interim results in September it reported pre-tax profits down from £13.2m to £5.6m. A spokesman for the company said yesterday that Isaac's departure was not connected with its recent financial problems.

But the company's European business, which Isaacs took over in November 1992 when Prosser was made chief executive, has been performing poorly.

Staff levels have been reduced from more than 1,500 a year ago to about 1,300 now, as part of a £15m a year cost-cutting programme. Neither Prosser nor Isaac was available for comment.

Cooper moves to Vestey

Robert Cooper, 47, is joining the Vestey group as finance director. *Since 1988, he has* been a director of Robert Fleming, and head of corporate finance worldwide since 1990.

At the Vestey group he will be working closely with Sir John Collins, appointed chief executive in September, with effect from January 1994; together they will have responsibility for overseeing the future strategy of the group through the mechanism of a new holding company yet to be formed, and to be called Vestey Group Holdings. Currently the group is divided into two main operating entities, Union International and Frederick Leyland.

After qualifying as an accountant with Peat Marwick *Mitchell, Cooper spent* a short time with first BAT and then Rank Xerox in 1971-72, before leaving to join Robert Fleming in December 1972, where he first became a director in 1977. In 1984 he joined Kleinwort Benson as a director in the corporate finance department.

In 1986 he joined the clothes retailer Next as group finance director, returning to Robert Fleming in 1987 as a director of corporate finance, becoming head of UK corporate finance in 1988 and head of corporate finance worldwide in 1990. Robert Fleming said yesterday that no replacement has yet been chosen.

■ Kevin Connolly, formerly finance director of Redland Roof Tiles, has been appointed director of financial planning and analysis at REDLAND.

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ARTS

Edwina Leapman: paintings to tease the visual imagination

Art / William Packer

Back to brushstrokes at the galleries

After the event, the result of the Turner Prize has a certain inevitability, and even logic. Looking back, I now realise that Sean Scully, the one artist actually to put paint on canvas by means of a brush – a sort of stick-thing with bristles at one end – was no more than a token entry. In a fixed field of conventional conceptualists, he had no chance at all. The pity of it is that we have plenty of painters of just his sort – minimalist, or at least highly-simplified abstraction – who might have given him and us a run for the money. Such artists as Alan Green, Alan Charlton, Edwina Leapman, Marc Vaux and Peter Joseph have records that are no less long and distinguished than his. Set against them on equal terms, Scully might well have won, but he would have done so against his peers. But rules are rules, and any such race was just not on.

Such rueful ruminations were brought on not so much by Scully's failure to come home the winner, as by Edwina Leapman's current exhibition at Annely Juda, altogether quieter and more properly modest an affair. Miss Leapman has been working to much the same programme for about 25 years, during which she has been principally concerned, she tells us, with "close tonalities and vibrating light". As for her colour, "it is to do with space and the vastness of space: with the limited space of the picture and the endless space beyond its edge".

What she actually does is to lay a thin but resonant colour-field, these days usually fairly dark, a rich blue or green perhaps, over the entire surface of the canvas. She then lays another near-complementary colour, fairly close in tone, in regular, careful, albeit free-hand horizontal stripes across the canvas, leaving the ground-colour visible at the margins and through the abutments between the stripes. Some little variation, of size and format, is admitted in this process but most particularly in the actual working of the stripes themselves, according to the choice as to the thickness of the paint, stiff or flowing, the gauge of the brush and the load of paint it should carry. She fills the brush, moves it across the surface until it requires refilling, and so continues until the stripes fill the canvas.

Nothing could be simpler, indeed quite worthy, some might feel, of the unregenerate Turner Prize. Quite why these paintings should be so beautiful and satisfying is probably beyond the sceptical, yet beautiful they are, and monumental, and profound in their teasing of the visual imagination. For the simple truth is that to set one mark upon another, one tone against another, is to propose an infinity of possibility of space and substance that only the imagination can explore. Just how close within its pictorial space is that delicate lattice of horizontal bars, and quite how deep the firmament beyond?

The work of Mary Potter, who died in her eighties 10 years ago, has much of this same quality of apparent simplicity married to imaginative complexity. Here again the range of colour and tone is closely limited and controlled, in this case to the earth colours, ochres and umbers touched up with faded blues, greens and pinks. And again, in the characteristically dry impasto of the paint itself, we are made immediately and quite physically aware of the fact of the surface and the stroke of the brush. Such is the act of painting itself.

Nominally figurative, these paintings withdraw from their subjects of landscape or still-life to the point of abstraction, teasing us on the very point of association and recognition, wryly fugitive and elusive. And they too are unexpectedly, subtly, irresistibly seductive. This exhibition, sadly, is to be the last at the New Art Centre in its present incarnation, for the gallery in Sloane Street, its home for 30 years, is to be bulldozed for redevelopment. Business in the meantime is to continue at Roche Court in Wiltshire, off the A30 just short of Salisbury, until new premises are found.

Here in London we see too little of current French painting, for which both sides are equally at fault. The admirable Galerie Matisse of the Institut Français, from its tiny space at South Kensington, does whatever it can on limited resources to supply the deficiency. Its current show of the work of four painters is perhaps too constricted physically to do either itself or its subjects full justice, especially given the size of some of the canvases.

The great bonus is to see for the first time the work of the youngest of the quartet, Helene Delprat. She draws upon some obvious references and influences within the currency of international painting – from Picasso and Dubuffet to Paladino and Basquiat, with a generous helping of tribal art, and graffiti too – but she works it all with commendable vigour and confidence, and makes of the confection something quite her own. She seems to be a real painter, someone adventurous and ambitious and yet at ease with her medium on a large scale. Without the fashionable preoccupations, she could be better still.

Edwina Leapman – recent paintings: Annely Juda Fine Art, 23 Dering Street W1, until December 22. Mary Potter – An Unique Vision: New Art Centre, 41 Sloane Street SW1, until December 24. Four Artists from France: Galerie Matisse, Institut Français, 17 Queensberry Place SW7, until December 16, then on to the Institut Français, Edinburgh.

Opera / Paul Griffiths

An odd light on Butterfly

The stage is almost bare. The few things that remain – a solitary rock, a chair, the people – seem to function principally as objects to be lit. Everybody moves slowly, but less for any dramatic purpose, so it seems, than for the requirements of the lighting. Light is the hero: light in the phosphorescent blue on the rock, the white on a hand, or golden gleam on a body.

And this is *Madame Butterfly*? No, this is Robert Wilson. In his productions of traditional operas Wilson has stressed how his visual contribution must be independent of the music and text, and yet his choice has hitherto fallen on works which fit with his earlier original creations in their elongated time schemes, their mythic resonances and their symbolism: *Parsifal*, *Lohengrin*, *The Magic Flute*. Puccini's works are entirely different, and the new *Madame Butterfly* at the Bastille in Paris (Wilson's third production there in the theatre's short history) might seem to allow more scope for independence to exert itself.

Most often the performers – who seem to be singing the characters' music but not enacting them as people – behave with a sublime disregard for what is going on, or for what they are having to deliver. Signal points in the drama are registered not by these statuesque people but, typically, by the lighting: by a sudden blackout, for instance, when the Bonze denounces Butterfly's spiritual defection. Music that is customarily seen as demanding movement – such as the rush for the child's entry near the end – sweeps, most effectively, across an entirely still stage. Not only does the production fail to deliver the expected visual appurtenances, it makes a point of its failure, as when Pinkerton and Sharpless in the first act ostentatiously mime holding glasses in their hands.

However, these displays of independence are a mite superficial, for it is obvious that Wilson was attracted to *Madame Butterfly* by the Japanese in it, and by the idea that he could bring this out in his setting. He uses a wooden walkway like that of the Japanese theatre, and the severe costumes (by Frida Parmeggiani) look in the same direction. But suggestion is all. There remain two huge problems. One is that Wilson is dealing with opera singers, not with actors trained for decades in a demanding tradition of deportment and gesture. The other is that *Madame Butterfly* is not a *noh* play.

Wilson's attempt to make it one smacks disturbingly of the scorn and opportunism which the opera makes an effort to denounce in Pinkerton. Alien manners are being tried on without any care for the density of meaning they convey. For all the atmosphere of seriousness, the production is disturbingly hollow: one can read the director's signature, but it is placed on an empty and ignorant canvas.

There is one area of exception. Some of Wilson's earlier work made startling use of non-professional performers, and here the child (a grave Steeve [sic] Lopez) becomes a major participant. In the long nocturne-interlude he alone moves about the stage in childish games while Butterfly and Suzuki wait, and it is his hand, warding Pinkerton off, that provides the final gesture. However, the very poignancy of this proves how far the production has come from its stated aim of following an independent, parallel path.

The orchestra, under Myung-Whun Chung, occasionally remind one of Puccini's admiration for Debussy, though the sound is thin in this theatre and the balance odd. Valentina Sedipova was the Butterfly I heard, coming to firmness and lustre in the second act; she shares the title role with Diana Soviero. Of the rest of the cast, only Georges Gautier as Goro stood out.

Ballet / Joan Acocella

The Nutcracker meets goodie two-shoes

Warner Brothers' film of New York City Ballet's *Nutcracker*, cumbersomely entitled *George Balanchine's The Nutcracker*, was released in the US this week, not without considerable advance publicity in the form of a fight between the studio and Kit Culkin, father of 13-year-old film star Macaulay Culkin, who plays the Nutcracker.

The elder Culkin has tender feelings about Balanchine's 1954 Christmas ballet. As a boy he danced in it himself; he too was the Nutcracker. So when Macaulay was offered this role in the film version, the Culkins accepted on far more modest terms than the child star normally commands: $10,000 plus 5 per cent of the gross. (For *Home Alone 2* Macaulay received $5m plus 5 per cent of gross.)

In return, Kit Culkin expected that the producers too would have tender feelings about the ballet – film it straight, not "adapt" it: an approach that everyone seems to have agreed on in the early stages. But at test screenings it turned out, reportedly, that many children could not follow the story. So the producers hired Kevin Kline to narrate it, over the music, at various moments in the film. When Kit Culkin saw the narrated version, according to an article in New York magazine, he told the producers, "You've s*** all over Tchaikovsky." If the narration were used, Culkin said, Macaulay would take no part in promoting the movie. If the narration were not used, on the other hand, Macaulay would renounce his 5 per cent of the gross.

After considerable scuffling, Warner Brothers rejected Culkin's offer. When the film hit the theatres on Wednesday there was Kevin Kline's voice, smack on top of the music, telling us, for example, as the Christmas eve guests enter in Act I, "Here they all came, the Christmas eve guests." I do not know where Warner Brothers obtains the children for its test screenings, but every year I attend NYCB's *Nutcracker* in a theatre full of children, and they all seem to get the drift.

Macaulay Culkin and Lynn Cohen

Silly though it is, however, the narration is sparse. A far greater problem is the camera work. "We trusted the dance," says producer Bob Hurwitz of the film team's philosophy. "We trusted Balanchine." Nothing could contradict that statement more flatly than the filming of the dances. Never is a dance given its proper time and space: never is it allowed to establish itself.

Presumably for the same anxiety about our attention span the camera is constantly moving into closeup. We gaze into the Sugarplum Fairy's armpit, we inspect Macaulay Culkin's mouth. (He is missing the first premolar on the upper left.) The nearer we get to any one dancer, the less we see of the choreography. Nor do the closeups enhance realism of the movie. On the contrary. Seen from a few inches away, the "snow" is clearly paper; the ice cream, plaster.

Crazy-wigged Drosselmeyer, who in the stage production is a figure of weird glamour, here looks like a man who might ask you for a quarter in the subway. Emile Ardolino, the film's director, produced and directed first-rate dance programs for the Public Broadcasting Service in the 1970s and early 1980s. When he went to Hollywood four days before the release of the *Nutcracker* movie, he died of Aids at the age of 50. Ardolino's memory should be honoured – for his earlier work. I do not envy anyone the task of adapting the non-realistic medium of ballet to the realistic medium of popular film, but in this case no interesting solutions were found.

In the film as in the theatre, the ballet is danced by New York City Ballet, and the cast is well chosen. If for nothing else, the film is valuable in that it records the cool, brilliant allegro work of Kyra Nichols as the Dewdrop and the glorious expansiveness of Darci Kistler as the Sugarplum Fairy. Twelve-year-old Jessica Lynn Cohen, who plays the heroine, Marie, has a pretty face and a peppy spirit.

The only serious piece of miscasting is Macaulay Culkin. He has danced in NYCB's production before – he played Fritz, Marie's truculent little brother, in 1989 and 1990 – but he is not at home in ballet. His neck and shoulders are tight and he walks as if his shoes hurt. Culkin is a comedian, a rare gift in a 13-year-old, but not one that is required for the Nutcracker. Culkin plays it with an ironic half-smile, as if he were in a children's production of *The Importance of Being Earnest*. He was clearly hired for box office reasons, which would have been fine had he been right for the part.

Stafford-Clark bows out

Max Stafford-Clark took his formal departure from London's Royal Court Theatre on Sunday after 14 years as artistic director, writes Malcolm Rutherford. A packed house saw a gala performance of scenes from plays he has put on over the years, including *Serious Money* by Caryl Churchill and *Three Birds Alighting on a Field* by Timberlake Wertenbaker. In future, Stafford-Clark will head a new company, Out of Joint. Its first venture will be a co-production with the Leicester Haymarket and the Royal Court of an adaptation of Sue Townsend's novel *The Queen and I*.

Abbado on white-hot form

In retrospect the 1960s and 1970s look a remarkably settled time for most orchestras. The senior conductors of the day tended to stay with their own orchestras for a long period, creating stable relationships which were generally seen to be a good thing.

The next generation of maestros is facing all sorts of criticism, as a revealing BBC documentary last week showed. Even those trying to follow the same path find themselves ambushed. Perhaps the Berlin Philharmonic Orchestra always was going to be a special case, but that does not explain the hostility of a recent attack in the German press against Claudio Abbado, accusing him of not being another Herbert von Karajan.

Abbado is known not to enjoy musical politics and has been keeping his eyes down on the music-stand. This season he is conducting an impressive list of concerts in Berlin, including two lavishly-cast concert performances of Musorgsky's *Boris Godunov* at the weekend. This opera has long been among Abbado's key works. The Royal Opera's production has been his outstanding collaboration with the company to date; and if his interpretation has changed over the years, he still recaptured in the warm and generous ambience of Berlin's Philharmonie much of the intensity of those stage performances.

By the time the performance reached the final scene, the playing was white-hot. The swirling string figures as the crowd gathers tingled with the frenzy of a Russian populace in open revolt. It is claimed that the Berlin Philharmonic does not sound the same under Abbado. That may be true. Whichever the orchestra, Karajan's *Boris Godunov* was a grandly-unfolding epic, woven in a rich tapestry of sound; Abbado's is swifter, leaner, more urgent, seething with tensions public and private below the surface. It did not seem to me any less well played or sung. The choral singing, from the Slovak Philharmonic Choir of Bratislava and the Berlin Radio Choir, was especially effective.

The weakest link in the cast was probably Boris himself, Anatoly Kotcherga, who has plenty of force in his voluminous (not always well-focused) bass voice, but not the same force of personality. He did the obvious things without making them fresh and personal.

It is unlikely that the Polish act has ever been more gloriously sung than it was by this trio of Olga Borodina, Sergey Larin and Sergey Leiferkus, who brought a splendid combination of vocal glamour and subtlety of character to their three schemers. Philip Langridge got a vivid grip on Shuisky's slippery personality. Gleb Nikolsky and Helmut Wildhaber were a wickedly matched comic duo as Varlaam and Missail, every bit a present-day Laurel and Hardy. Elena Zaremba was their young, vocally voluptuous hostess. There are certainly other cities which have more pressing problems with their orchestras than Berlin.

Concerts sponsored by Deutsche Bank and Sony Classical.

Richard Fairman

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Concertgebouw Tonight: Nikolaus Harnoncourt conducts Chamber Orchestra of Europe in works by Beethoven, with violin soloist Gidon Kremer. Tomorrow: choral concert including Vivaldi's Gloria and Cherubini's Requiem. Thurs, Fri: Bernard Haitink conducts Royal Concertgebouw Orchestra in Debussy, Bartok and Shostakovich. Sat: David Robertson conducts Netherlands Chamber Orchestra and Chorus in Boulez, Schoenberg and Stravinsky. Next Mon: Vassili Sinaiski conducts Netherlands Philharmonic Orchestra in Andriessen, Shostakovich and Bruckner, with cello soloist Julian Lloyd Webber. Dec 8, 9: Mariss Jansons conducts the Royal Concertgebouw. Dec 11: Günter Wand conducts Bruckner's Eighth Symphony (020-671 8345)
Muziektheater Tonight: final performance of Pierre Audi's staging of L'incoronazione di Poppea. Tomorrow: Graeme Jenkins conducts first night of Alfred Kirchner's new production of La traviata, with cast led by Deborah Riedel, David Kuebler and Luis Giron-May (repeated Dec 4, 7, 10, 13, 16, 19, 22, 25, 27, 30). Thurs, Fri, Sun afternoon: Nederlands Dans Theater in choreographies by Jiri Kylian (020-625 5455)

BASLE

● Murray Perahia plays Beethoven's Second and Fourth Piano Concertos in Basle Symphony Orchestra tomorrow in the Casino (061-272 1176)
● Repertory at the Stadttheater includes Boito's Mefistofele, Tosca, Nutcracker and Jesus Christ Superstar. A new production of Rossini's Il viaggio a Reims opens on Dec 19 (061-295 1133)

BRUSSELS

Palais des Beaux Arts Tonight: Il Giardino Armonico plays concertos by Vivaldi. Tomorrow: Joshua Bell, Steven Isserlis and Olli Mustonen play piano trios by Haydn, Schuman and Shostakovich. Thurs: Gabriel Chmura conducts Belgian National Orchestra in Beethoven and Bruckner. Fri (Eglise des Minimes): Sigiswald Kuijken conducts La Petite Bande in a Bach programme. Next Mon (Conservatoire): Labeque Sisters play Mozart with I Flamminghi chamber orchestra (02-507 8200)

CHICAGO

CHICAGO LYRIC OPERA
Peter Hall's staging of Cosi fan tutte can be seen tonight and Sat, with Carol Vaness, Delores Ziegler, Keith Lewis and Jeffrey Black, conducted by Andrew Davis. August Everding's new production of Die Walküre, conducted by Zubin Mehta with a cast including Eva Marton and James Morris, can be seen on Fri and next Mon, with further performances on Dec 10, 14, 18 and 22. Il trovatore opens on Dec 11 (312-332 2244)

CHICAGO SYMPHONY
Pierre Boulez is in residence at Orchestra Hall over the next two weeks. The programme on Thurs, Sun and next Tues includes Bartok's Duke Bluebeard's Castle, with Jessye Norman and Laszlo Polgar. Friday's programme features Mahler's Sixth Symphony. Dec 9, 10, 11 and 14: Ravel, Bartok and Stravinsky (312-435 6666)

GENEVA

Victoria Hall Tonight, tomorrow: Armin Jordan conducts Orchestre de la Suisse Romande in concerts celebrating the orchestra's 75th anniversary. The programme includes a new work by Heinz Holliger, plus music by Ravel, Dvorak and Brahms, with violin soloist Uto Ughi (022-311 2511). Thurs: Bella Davidovich piano recital. Fri: St Petersburg Symphony Orchestra plays Dvorak and Tchaikovsky, with cello soloist Natalia Gutman (022-310 6820)

LAUSANNE

● Rudra Béjart Lausanne is in residence till Dec 11 at Cinéma-théâtre Métropole, with three programmes choreographed by Maurice Béjart (021-311 1588)
● Luc Bondy's production of Ibsen's John Gabriel Borkman, starring Michel Piccoli, can be seen daily except Mon till Dec 10 at Théâtre Vidy-Lausanne (021-617 4545)

VIENNA

Staatsoper Tonight: L'elisir d'amore. Tomorrow: new production of Kenneth MacMillan's ballet Manon. Thurs: Die Zauberflöte. Fri: Il barbiere di Siviglia with Vesselina Kasarova, Rockwell Blake and Nicolai Ghiaurov. Sat: Carmen. Sun: Fidelio with Gwyneth Jones and Thomas Moser. Mon: ballet mixed bill (51444 2955)
Musikverein Tonight: Daniel Froschauer violin recital. Tomorrow, Thurs, Fri, Sat: Heinz Wallberg conducts Vienna Symphony Orchestra in Bruckner's Eighth Symphony. Sat afternoon, Sun morning: Simon Rattle conducts Vienna Philharmonic Orchestra in Mahler. Sat (Brahms-Saal): Joshua Bell, Steven Isserlis and Olli Mustonen play piano trios by Beethoven, Schumann and Shostakovich. Sun: Nikolaus Harnoncourt conducts concert performance of Monteverdi's L'Orfeo, with Anthony Rolfe Johnson, Ann Murray and Wolfgang Holzmair. Dec 11, 12: Seiji Ozawa conducts Boston Symphony Orchestra (505 8190)
Konzerthaus Wed: Thomas Hengelbrock conducts concert performance of Mozart's Zaide, with soloists including Joan Rodgers and Rodney Gilfry. Fri: Paul Badura-Skoda piano recital. Sat: John Eliot Gardiner conducts concert performance of Monteverdi's L'incoronazione di Poppea, with Sylvia McNair and Anne Sofie von Otter. Next Mon: Hagen Quartet. Dec 8: Czech Philharmonic Orchestra (712 1211)

WASHINGTON

MUSIC
● Zubin Mehta conducts National Symphony Orchestra in an all-Mozart programme tomorrow and Fri afternoon at Kennedy Center Concert Hall. Thurs: Georg Solti conducts Stravinsky and Beethoven. Fri evening: Alicia de Larrocha piano recital. Sun: Kennedy Center Honours Gala (202-467 4600)
● David Zinman conducts Baltimore Symphony Orchestra in an all-Beethoven programme on Thurs, Fri and Sat at Baltimore's Joseph Meyerhoff Symphony Hall, with piano soloist Yefim Bronfman (410-783 8000)

THEATRE
● Season's Greetings: Alan Ayckbourn's biting comic tribute to the traditional seasonal open house. Till Dec 19 at Round House Theatre (301-217 3300)
● Dancing at Lughnasa: Brian Friel's memory play, set in Donegal 1936. Till Jan 6 at Kreeger Theater (202-488 4377)
● Julius Caesar: a Shakespeare Theater production directed by Joe Dowling. Till Jan 9 at the Lansburgh (202-393 2700)
● Rollin: a two-person revue of black vaudeville, with songs, dances and sketches by such greats as Langston Hughes. Written, directed and choreographed by Ron Stevens. Till Dec 18 at Source Theater (202-462 1073)
● Cats: Andrew Lloyd Webber's musical, directed by Trevor Nunn. Till Jan 8 at National Theater (202-628 6161)
● Alice in Wonderland: a stage adaptation of Lewis Carrol's tale, directed by Pat Carroll. Till Jan 2 at Kennedy Center Theater Lab (202-467 4600)

ZURICH

Tonhalle Tonight: Heinz Holliger conducts Tonhalle Orchestra in works by Schumann and Holliger, with soloists Andras Schiff and Miklos Perenyi. Tomorrow, Thurs: Schiff and friends play chamber music by Holliger, Beethoven and others. Fri: Neeme Järvi conducts Gothenburg Symphony Orchestra in Stenhammar, Beethoven and Nielsen. Sun: Christof Escher conducts Zurich Chamber Orchestra in Gorecki, Boccherini and Schubert, with cello soloist David Geringas (01-261 1600)
Opernhaus Tomorrow and Sun: Bernd Bienert's production of Glazunov's ballet Raymonda. Thurs: Macbeth with Simon Estes and Gwyneth Jones. Fri: Cosi fan tutte. Sat: Il barbiere di Siviglia. Sat and Sun afternoons: new staging of Britten's Let's Make an Opera. Next Mon: Nikolaus Harnoncourt conducts concert performance of Monteverdi's L'Orfeo, cast including Ann Murray, Anthony Rolfe Johnson, Wolfgang Holzmair (01-262 0909)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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Wednesday Super Channel: Financial Times Reports 2130
Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0930
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Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Toil and trouble

Nasa needs to repair its public image, as well as the Hubble telescope, says **Clive Cookson**

The space shuttle Endeavour is scheduled to blast off from Cape Canaveral tomorrow morning on what Nasa calls a routine servicing flight – and critics say is a risky make-or-break mission for the troubled space agency.

The objective of the 11-day flight is to service and repair the Hubble Space Telescope, a $2bn orbiting observatory which caused Nasa huge embarrassment after its launch in 1990, when it turned out that the instrument's 2.4 metre mirror had been ground to the wrong shape. Three hundred miles above the earth's obscuring atmosphere, Hubble should have enabled astronomers to see seven times further into the universe than ever before; instead, the faulty mirror produced fuzzy pictures only slightly better than the most powerful ground-based telescopes.

The mission is routine only in the sense that Hubble was designed for maintenance in orbit every three to five years. No one had imagined when it was launched that so much would need to be put right now, nor that Nasa would be so desperate for a spectacular success to reverse the steady deterioration in its public image after a catalogue of disasters – most recently the loss of the $980m Mars Observer craft.

Nasa has picked a crew of seven space veterans, with an average age of 46, for what is sure to be the most complex and challenging of the 59 shuttle flights undertaken so far. The senior member is Dr Story Musgrave, 58, who has been an astronaut since 1967.

On Friday the Swiss flight engineer, Mr Claude Nicollier, will use Endeavour's robot arm to pull the bus-sized Hubble on to a special stand in the cargo bay. Then the mission plan includes five days of space walks, each lasting six hours, during which the astronauts will work in pairs to put right as many as possible of Hubble's defects.

The single most important job will to fit "spectacles" to correct the telescope's short-sightedness. An instrument called Costar (for corrective optics space telescope axial replacement) will slot in behind the famous flawed mirror, containing 10 small coin-sized mirrors ground to compensate optically for the defect.

But there are 11 other items to repair or replace. They include faulty electronic components, three failed gyroscopes and Hubble's solar panels, which have been disturbing its delicate instruments by juddering in response to temperature changes whenever the craft passes from sunlight into darkness. Indeed, changing the 12-metre solar arrays – made by British Aerospace as part of the European Space Agency's 15 per cent contribution to the project – may turn out to be the most delicate operation of all.

Space endeavour: artist's impression of the Hubble telescope Nasa

The schedule is bound to change "as events unfold", Mr Nicollier said last month. "There will be surprises, of that we can be sure. We therefore have to visualise the unforeseeable."

To prepare for unexpected events, the astronauts have trained longer and more intensively for the Hubble repair mission than for any previous shuttle flight. They have spent 700 hours rehearsing for their 11 days in space, including 400 hours under water in a huge tank built to simulate weightlessness at the Marshall Space Flight Centre in Alabama.

"I may have been in the water hundreds of hours, I may have been in the clean room hundreds of hours [getting to know Hubble's replacement parts]," Dr Musgrave said at the end of training, "but, like the Olympics, it boils down to a few seconds. You've got one shot at it. It's got to go right."

As the astronauts know only too well, far more is at stake than their ability to make Hubble work to its original specifications – and possibly give astronomers a view of the distant universe good enough to set off a scientific revolution like the one after Galileo's first use of a telescope 400 years ago.

The future of Nasa could hinge on the Hubble mission. A success would begin to shore up public and political confidence in the once-proud agency, which has been undermined by a string of failures since the 1986 Challenger explosion. In particular, it would show that shuttle-borne astronauts can carry out a complicated series of manoeuvres of the sort that will be needed to assemble and use the planned Space Station Freedom, due to go into operation early next century.

A failure would feed ammunition to congressional budget-cutters, who succeeded recently in killing the US's other big science project, the $11bn Superconducting Super Collider, and are keen also to shoot down the multi-billion dollar space station. Its cancellation would leave Nasa without a clear future in manned space flight beyond the ageing shuttle programme – and could lead to the agency's dismemberment.

Mr Daniel Goldin, who was appointed Nasa administrator by former President George Bush early last year and has been kept on by President Bill Clinton, put on a brave face when he appeared before the Senate science, technology and space subcommittee this month. "We are not afraid," he said. "If we fail [in the Hubble mission], we will dust ourselves down and do it again."

But Mr Goldin pleaded with the senators not to cut Nasa's budget any more. The Bush administration reduced its five-year spending plan from an original request of $106bn in 1991 to $96bn; since then, this had been cut to $78bn – and it could fall to $71bn, according to the latest proposals.

With everyone's attention focused on the space-walking astronauts and the implications for Nasa of their success or failure, the astronomers – for whose scientific benefit the repair mission is supposedly being undertaken – are feeling rather left out.

"Although some people felt it was an outrageous waste to spend $2bn on the original Hubble project, because so much money would have given far better returns to science if it had been spent on earth-based observatories, most of us welcomed Hubble because it brought in extra funds that would not otherwise have been spent on astronomy," said one European astronomer. "The same is true of the repair mission. Some astronomers were getting good results from Hubble, faulty as it was, and they didn't want to risk spending $620m to ruin it, but most of us recognise that Nasa has to try to repair it for political reasons."

Even if the Endeavour mission appears to be a spectacular success over the next 11 days, it will not be clear for at least a month whether the astronauts have repaired Hubble and Nasa's reputation. It will take several weeks to remote-test all the new equipment, before Nasa can send the telescope instructions to start observing. Few pictures in history will be awaited with such anticipation.

Joe Rogaly

Better secret than sorry

Nobody with a rational cast of mind can imagine a settled solution to the problems of Northern Ireland – or certainly not one that could be in place this century. There is, however, a faint chance, a sliver of hope, that the cycle of violence may be brought to an end somewhat sooner than that. This hope has been kept alive, even nurtured, by the weekend storm over the government's back-channel contacts with the IRA.

Let us take each of these propositions in turn. The first tells us why the news from the six provinces is always so doleful. There is not space enough, nor time, to go through the long history that led to the establishment of the Republic of Ireland and Northern Ireland on the same island. The elusiveness of a solution to the consequent troubles is sufficiently demonstrated by reminding ourselves that the Protestants are a separate tribe from the Catholics. There is a sad record of mutual hostility. You have only to read republican literature, or see the anger in the face of the Reverend Ian Paisley, the Buthelezi of Belfast, to appreciate that. No arrangement that completely satisfies the one tribe will be acceptable to the other.

Establishing a united Ireland tomorrow might create a new Bosnia in its north-eastern quarter. So might a unilateral withdrawal of troops; likewise the creation of a quasi-independent state of Ulster, followed by the relieved turning of John Bull's back on the lot of them. Fully incorporating Northern Ireland into mainland British institutions would not bring peace from the republican side.

Going back to the use of internment of known terrorists would at best deliver only a temporary respite from the killing. It did not work last time, and would not again. Wiping out the opposing terrorist groups is not an option for a liberal democracy. In short, there is no military solution, and no plausible political solution.

This might appear to invalidate the proposition that there may be a way to end the violence. Yet by all accounts Ulster is war-weary. There is a strong desire for peace. This is recorded in many opinion polls and has recently been made clear in statements and marches on both sides of the border. Partly for this reason, and partly as a result of a perhaps over-optimistic reading of intelligence gathered from and about the IRA, the British government has perceived an opportunity. We do not know precisely when this shaft of light struck Whitehall, but the documents released yesterday suggest that it was in February this year, or possibly earlier. The government took its chance, and launched the peace initiative that was nearly destroyed by Sunday's news that it has been in communication with the IRA.

Major's peace initiative is too important to be stopped in its tracks by the unserious custom of finding fault with his motives

No one can be happy at hearing that ministers have failed to be wholly open and frank about their actions, particularly when political honesty is in such short supply. That said, it can hardly be denied that Mr John Major and Sir Patrick Mayhew were correct to use an intermediary to explore, supposedly in secret, the possibility of a ceasefire by the Irish Republican Army. The fact that they did so was heavily disguised by protestations that they were not negotiating with terrorists. Nor were they, but nobody with any sense would have assumed that there was no means of communicating with the opposing forces.

All that has happened over the past few days is that the prime minister and the Northern Ireland secretary have been caught using weasel words in a worthwhile cause. It looks as if they have got away with it, and rightly so. Rightly? Forget, just for the moment, about Mr Major's weak points. His peace initiative is too important to be stopped in its tracks by the unserious custom of finding fault with his motives, or his methods or, alas too often, his results.

Admittedly his score in all three areas is less than perfect. Mr Major's attempt to find a formula that brings peace may be founded on the ignoble proposition that, if he pulls this one off, his reputation will be restored. His method, that of the whip, has involved at best verbal acrobatics – and at worst statements that do not convey the whole truth. It is evident that the balancing act that gave so much hope last week nearly came unstuck this week; the curse of our butter-fingers prime minister may be that much of what he touches seems to fall through his fingers.

Yet the potential prize, a cessation of the random killings of innocent civilians, is too valuable to be lost by reminding ourselves of one politician's negative characteristics. It took courage for Mr Major to assume personal responsibility for negotiating a settlement. Cynics will point out, yesterday's documents in hand, that he had reason to believe that a ceasefire was about to be announced by the IRA. This does not materially diminish the political risk he took. As we can now see, the IRA is not easily pinned down, and it was always possible that the veil of secrecy would be sundered.

That is what has now occurred. It has not destroyed the government. Conservatives united behind the prime minister yesterday, in itself a striking indication of the ripeness of the time for his peace initiative. Mr James Molyneaux, leader of the larger Unionist party, cemented his alliance with the government by opening his remarks with the observation that Labour's spokesman on Northern Ireland speaks for Mr Gerry Adams, leader of Sinn Féin. Labour has held its hand, knowing the penalty for appearing to jeopardise the chances of peace.

Thus fortified, Mr Major will press on. The back-channels will be used again, if necessary. The IRA may have been given an overdose of what Lady Thatcher called "the oxygen of publicity"; it should now announce the permanent ceasefire that the government repeatedly calls for in the published documents. The Protestant paramilitaries should do likewise. There is no reason not to, so long as the government is committed to giving the voters of Northern Ireland the power to decide on any arrangement that may be made about their future.

There may be no obvious political settlement of this tribal conflict, but at least getting everyone to lay down their guns and rely on negotiation and the democratic process would bring a period of respite. Ireland's history suggests that the odds are strongly against success. Mr Major may fail. Yet he is right to carry on, secret communication links and all.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Levitt: integrity can never be relative

From Mr Graham Ross Russell.

Sir, The Levitt case raises the question of the role of integrity in financial affairs. An individual's integrity is important in all business dealings, but nowhere more so than in financial services where the repercussion of having a rotten apple in the barrel can affect such large sums of money and hurt so wide a range of victims.

The greatest hurt to victims occurs when a financial services company fails and is not able to meet its liabilities or compensate for past misfeasance. Firms fail for one or a combination of two reasons – over-trading or dishonesty. Hopefully, the action now taken by regulatory authorities in monitoring the trading and capital requirements of firms means that the chances of a financial services company failing through over-trading are much reduced. However, there still remains the danger of dishonesty, when an individual's integrity gives way to greed or fear.

It is recognition of the vital importance of integrity in financial dealings that the Securities Institute has as the first of its two main purposes the maintenance and strengthening of standards of integrity. It is in recognition of the importance of this purpose, and of the institute's second purpose of promoting competence and training, that the institute has received overwhelming support from individual practitioners in financial services and their firms since it was founded in March 1991. A member of the public dealing with a member of the institute knows that he is dealing with a professional whose integrity and competence is recognised by his peers.

It would be a sad day for the City and for the future of financial services in the UK if it were ever thought that "small" lapses of integrity are excusable and in a different category from other forms of dishonesty. Surely integrity, like pregnancy, is not relative? An individual who lacks integrity in "small" matters is unlikely to resist temptation if and when he is really put to the test in "large" matters. "Borrowing" money from a pension fund and lying to a regulator are both failures of integrity, and it is not clear that the latter is less serious than the former.

Graham Ross Russell,
chairman, Securities Institute,
Centurion House,
24 Monument Street,
London EC3R 8AJ

From Mr Richard McManus.

Sir, As the self-confessed fraudster Mr Levitt declares himself "a great believer in British justice" ("City anger at community service order for Levitt", November 27) there must be many of us who are questioning our own beliefs.

Mr Justice Laws asserts that 186 hours community service is "commensurate" with the crime that Mr Levitt committed but the same cannot be said for the squandering of millions of pounds from the strained public purse in a futile three-year prosecution and costly trial.

One cannot help feeling that the money could have been better spent directly on a host of worthy projects aimed at improving the lot of those in need of support from the community. It is indeed possible that Mr Levitt may have accepted his onerous sentence without the Serious Fraud Office and members of the legal profession labouring quite so long. Aside from the specifics of this case it does seem foolhardy to indulge in long-winded investigations and prosecution when the main result may be to demonstrate publicly to prospective criminals that they have little to fear from the vagaries of the British justice system if they are brought to book.

Is it possible both to deter wrongdoers and leave the judiciary complete discretion in sentencing?

Richard McManus,
First Europe,
44 Upham Park Road,
London W4 1PG

A restriction on exercise of choice

From Mr Tony Hockley.

Sir, It is heartening that Sir Bryan Carsberg, director-general of the Office of Fair Trading, has decided that the OFT should investigate the net book agreement ("Book pricing scheme faces review", November 24). The timing of his announcement is impeccable. While the industry is purporting to defend the public interest with its "don't tax reading" campaign, he has highlighted the degree of self-interest that the campaign is also serving.

Based on experience elsewhere, the freeing of book prices from the grip of the publishers would do at least as much to promote literature as the tax break. Regardless of the direct costs and benefits, however, the current situation is both economically and politically unacceptable. It has a negative impact upon competition from other modes of communication and reflects a view that taxpayers should be restricted in their ability to exercise their own choices.

Even if the publishing industry does manage to survive this latest attempt on its empire, at least the inquiry will raise public awareness of ways in which we are subsidising it, not only through taxation but through prices.

Tony Hockley,
44 Marsham Court,
Marsham Street,
London SW1P 4JZ

Other textiles barriers must come down

From Mr J A Nightingale.

Sir, The policy adviser to Christian Aid, Mr Peter Madden, in his letter on textiles in the Uruguay Round (November 23) omits one vital point. Agreement to phase out the General Agreement on Tariffs and Trade multi-fibre agreement (MFA) is dependent on action being taken at the same time to remove other barriers – many of them far more stringent – which restrict international trade in textiles and clothing, not least in developing countries.

The linkage was recognised by all the Gatt contracting parties when the original Punta Del Este declaration initiating the round was drawn up, and remains an essential component of any final agreement.

Import bans and prohibitively high tariffs (many currently exceeding 100 per cent) can have no place in the post-Uruguay Round world. Their removal will stimulate development of trade between less developed countries and this will provide at least as great a stimulus to their economies as will the phasing out of the MFA.

It will also, together with the equally necessary reduction of peak tariffs by developed countries, enable our own industry to seize essential new export opportunities.

Time is running very short to allow a complex set of tariff negotiations to be completed by December 15. It is time for all concerned to knuckle down to some serious bargaining.

J A Nightingale,
executive chairman,
Apparel, Knitting & Textiles Alliance,
British Apparel & Textile Centre,
7 Swallow Place,
London
W1R 7AA

Monitoring of radioactive discharges

From Dr Bryan Edmondson.

Sir, I was concerned that Mr G A H Watts letter (November 27/28) and indeed its headline - "The unmeasured threat from nuclear power station emissions" - may have misled your readers.

Monitoring of radioactive discharges from all Nuclear Electric's power stations is of course continuous, 24 hours a day. Wide-ranging environmental sampling and measurement checks demonstrate the negligible effects of our discharges, as our area medical officer confirmed to Mr Watts in previous correspondence.

All monitoring results are published – both Nuclear Electric's and those of independent regulatory agencies. They confirm that there has been no build up of radioactivity in the environment around our power stations.

I am sorry that Mr Watts has developed such a serious illness. Thirty years of detailed environmental monitoring both in the vicinity of our power stations and around Mr Watts's home, strongly suggest, however, that he should look elsewhere for the cause.

Bryan Edmondson,
director of health and safety,
Nuclear Electric,
Barnett Way,
Barnwood,
Gloucester GL4 7RS

A franchise for the future on British Rail's name

From Mr Alan D Morrison.

Sir, I was most interested to read ("50-year rail franchises urged", November 23) that Mr Roger Salmon, franchising director, wants to see rail franchisees set up an association of train-operating companies to take a lead in discussing issues such as complementary ticket systems and sharing of stations.

May I suggest British Rail as a good name for such an association.

Alan D Morrison,
5 Pentney Road,
London SW12 0NZ

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FINANCIAL TIMES

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Tuesday November 30 1993

Frank talk, Mr Kohl

The Franco-German summit, due to start today, is not just another routine event. It is also an opportunity for frank, private talk about the European Union's role in the Uruguay round of multilateral trade negotiations. With the deadline two weeks away, this may be the final chance.

Last week, Germany's chancellor, Helmut Kohl, agreed with the British prime minister that failure of the round would be "intolerable". He will need to transmit this understanding to the French leaders. Public denunciations would be counter-productive. But this should not prevent a quiet proffering of both a carrot and a stick.

First, though, must come appreciation of the position. It is in the interests neither of the European Union nor of any single member to see the round fail. It would be still more ruinous if that failure were to caused by the recalcitrance of the EU. Maddest of all would be failure over agriculture. Even in France, agriculture employs only 6 per cent of the population and generates 3 per cent of gross domestic product. This French neurosis does not show appreciation of the country's long-term economic interests.

Should the round fail over the issue, the European Union would confront three crises. The first would be over the credibility of its desire to act as a positive force on the world stage. The second would be in transatlantic relations. The last and deepest would be over Europe's place in the world. If the round were to founder, to what role, other than a marginal one, could the EU aspire? The US has alternatives, notably its close relationship with the world's most economically dynamic region, as this month's meeting on Asia Pacific Economic Co-operation (Apec) in Seattle indicated. Is the EU to focus its efforts on increased trade with a bankrupt Russia, a troubled eastern Europe and the mostly stagnant members of the Lomé convention?

Both the European Union and France must remove themselves from the hook on which they are impaled. This can be done by accelerating the EU's move towards world prices for agricultural commodities and simultaneously increasing compensation to farmers. The latter would be particularly important if – as the French fear, but the European Commission denies – the Blair House accord were to prove more restrictive than the EU's agreed reforms of its common agricultural policy.

In addition, the French should be assured of strong support where their case is rather stronger, as it is over audiovisual services and, above all, over the obstacles being created by the US. The EU needs to go on the offensive. It can readily do so. The US is vulnerable over its miserly attitude to liberalisation of trade in textiles, over its last-minute amendments to rules governing anti-dumping and services and, first and foremost, over its desire to play fast and loose with multilateralism itself.

The Germans are right not to hector the French in public, but they must play the frank friend in private. France needs to understand that it cannot exercise a veto that it does not, in fact, possess. This is the stick. Assistance with the resultant political problems is the carrot. In the end, however, it is up to French politicians to persuade their people of the evident truth that clinging to an agricultural past will not give them a better future.

Building quality

The Financial Times Architecture Award, which reached its final stage yesterday, shows that the best building in the UK today remains of a remarkably high standard. A large entry probably reflects the culmination of the UK development boom of the 1980s – many of the entries were commissioned at that time and completed later. But to be able to field a set of recent buildings as distinguished as Stansted Airport, the Cranfield Library, Schlumberger Research, the IBM/MEPC joint venture at Bedfont Lakes near Heathrow, as well as the winning Queen's Stand at Epsom, is a real achievement.

With almost one third of the architectural profession in the UK unemployed and the top practices having much of their work abroad, the question is whether these standards can be maintained. Recession in the construction industry is the main worry. But business could do more to encourage good work, as could the government – especially when it comes to the few new buildings it commissions directly.

As Sir Simon Hornby, chairman of the FT jury, said at yesterday's presentation, quality buildings require good clients as well as good architects. But Britain lacks the "culture of good design" that is understood at the highest level in other European countries.

Buildings that have been let or sold well in the City in recent years have tended to be those that were well designed. Better buildings do mean better business, while employees rightly have rising expectations about their working environment. A glance at the empty and decaying Paternoster Square by Saint Paul's Cathedral shows the real cost of poor architectural and planning standards.

Cost paring by fee bargaining and "design and build", where the architect plays a minor role in the design and construction team, does not provide the best long-term value for money. Award schemes are one way of raising clients' sights. But the main answer lies in visual and architectural education that should continue, with informed and sustained advice, into the cabinet room and the board rooms of Britain.

Levitt's law

The message sent by the outcome of the Roger Levitt case is unpalatable: one law for white collar criminals and another for the rest of us. More than 40 per cent of people found guilty of theft of less than £200 are sent to prison. Mr Levitt, whose financial services company traded fraudulently, leaving debts of £34m and many investors with serious losses, walked from court with a sentence of 180 hours community service.

The case represents another low point for the Serious Fraud Office. Just 18 months ago, following the collapse of the second Guinness prosecution and the failure of the year-long Blue Arrow fraud trial, the SFO was in the dock for throwing the book at defendants and presenting prosecution cases of such size that the process became unmanageable. Now it appears to have swung to the opposite extreme, allowing a white collar criminal to escape trial on charges of forgery and false accounting as a result of a botched plea bargain.

What went wrong? The SFO says sentencing is a matter for the judge alone. It admits that it knew Mr Levitt would not go to jail when it accepted his plea in return for dropping the other charges, but felt it could not then back out. The judge, Mr Justice Laws, felt a non-custodial sentence was "commensurate" with the offence to which he had pleaded guilty.

In reality however the case had begun to go wrong months before when, because of its size, the judge ordered it to be split in two. After the SFO had decided to proceed with the fraudulent trading charges, the judge later ruled much of the prosecution evidence of Mr Levitt's alleged deception of investors inadmissible in the first trial. The SFO appears then to have panicked. Faced with the prospect of a three-month trial in which Mr Levitt's lawyers would be able to put up a defence telling only part of the story, which it could not refute, the SFO decided to offer him a deal. Mr Levitt held out for a guarantee that he would not go to jail. When the SFO's worst fears were realised in the first days of the trial, he got his wish.

Three steps need to be taken to avoid another such case. First, the SFO does not appear to have learnt the lessons of Blue Arrow. Inspite of reducing the charges against Mr Levitt from more than 60 to 22 the judge still regarded the prosecution case as too cumbersome to be handled in one trial. The SFO must concentrate on a limited number of good counts, so bringing the case down to a manageable size.

Second, the case underlines the need for any system of plea bargaining to be open and formal, allowing the judge to take into account the wider picture when deciding sentence. Plea bargaining can save a lot of public money. It should be encouraged, provided an appropriate sentence results. The Royal Commission on Criminal Justice recommended it. But the government has not found space for the idea in the criminal justice bill. If further study is needed, money should be made available at once.

Finally, judges need to come up with a consistent approach to fraud. The contrast between the sentences passed in the first Guinness trial for an arguably victimless crime and the result in this case is an unhappy one. The Lord Chief Justice should take the lead.

Neil Buckley scours the retailing horizon as warehouse clubs arrive in the UK

Silent enemy stalks the aisles

It is being called the most important development in UK retailing since the arrival of the supermarket in the 1950s. In Thurrock, Essex, US company Costco today opens its doors as Europe's first US-style warehouse club.

With six more clubs scheduled to open in the next few months, UK retailers are getting distinctly nervous. The three biggest superstore chains recently waged a costly – and ultimately doomed – legal battle to try to stop Costco opening, while another national chain has warned suppliers it may stop buying from them if they supply the clubs.

The retailers' anxiety is understandable. In the US these huge sheds, which stock goods at ultra-low prices for sale to business and individual members – in practice, almost anybody in steady employment – have been nicknamed the "silent enemy" because of the insidious but devastating impact they have had on more traditional shops. In the UK, while their market share may be limited, they are expected to force many other retail chains to lower their prices, and persuade some of them to change their entire style of operating.

"I think it is right to talk about a new epoch in UK retailing," says Mr Paul Morris, retail analyst at Goldman Sachs, the US investment bank.

His prediction is based on research in the US, where in 10 years, warehouse clubs have taken retailing by storm. Their numbers have increased from 21 in 1983 to an expected 750 by the end of this year, and their sales from barely $1bn to about $40bn, although their growth has slowed in the past two years – one reason why club operators are looking towards Europe.

While US supermarkets usually trade at a gross profit margin of about 25 per cent, warehouse clubs cut that to 10 per cent.

The key to their success lies in taking an old retailing strategy – "pile it high and sell it cheap" – to its logical conclusion.

Clubs offer branded products at prices 25 to 30 per cent cheaper than high street retailers, with some up to 60 per cent cheaper. They achieve such prices by cutting costs and profit margins to the bone, with the aim of shifting huge volumes of goods.

Every area of the business is examined with an eye to cutting costs. Clubs spend virtually nothing on advertising, and employ very few staff. Goods are sold in bulk off steel racking, in vast, spartan sheds built on the cheapest available sites; and clubs stock a highly selective range numbering only 3,500 items (compared with 15,000 in a typical grocery superstore), but stretching from corn flakes to computers and car accessories.

A final important element is membership, on which clubs rely heavily. They typically have more than 40,000 members, each paying about $25-$30 (£17-£20) a year, and membership income can account for 80 per cent of trading profit. So far, clubs in the US have not experienced problems with non-payment of fees but it could prove one area of weakness in the UK.

As they cross the Atlantic, the question facing warehouse clubs is whether they can replicate their success in rather different conditions. Sceptics argue that UK land prices are up to five times higher than those in the US, pushing up warehouse clubs' cost bases significantly; and that UK shoppers may be less willing than their US counterparts to drive large distances to shop, to pay annual membership fees, or to buy in bulk.

On some of the narrow questions, consumer research is inconclusive. A recent survey by market research group Harris International Marketing found 51 per cent of UK shoppers prepared to buy in bulk to save money. But only 27 per cent said they would pay an annual fee.

As to the larger question of whether clubs can have a viable future in the UK, the predictions are more positive. Verdict Research, the retailing consultancy, believes land costs will not be a problem: warehouse clubs do not demand prime retail sites, and the higher margins prevalent in UK retailing will make it easier than in the US for clubs to undercut existing shops.

Verdict has identified 50 potential sites for clubs in the UK. Assuming what it regards as realistic annual sales of £65m for each outlet, that could give them a £3.25bn share of the £150bn total UK retail market by the end of the decade.

Goldman Sachs is more optimistic. Taking only metropolitan areas, its retail analysts say there is scope for 51 clubs. If less densely populated county districts were considered as available sites, a further 39 could be built. The firm believes clubs could expand at the rate of 10 or more a year, and could achieve sales of £100m each, giving them a £9bn market share over the same period.

Verdict's sales forecast for warehouse clubs is equivalent to only 2 per cent of the total UK retail market, while Goldman's would give them 6 per cent.

"What is surprising about the market share forecasts for warehouse clubs in the UK is they are actually so small," says Mr Richard Hyman, Verdict's managing director. He sees one reason for constrained growth in the lack of areas with a sufficiently large population to support the clubs.

With such moderate forecasts, why are rival retailers so hot under the collar about them?

Part of the answer may be the clubs' expected upmarket customer profile. Although one-third of club members in the US are small businesses, the other two-thirds are individuals drawn mainly from higher income brackets. According to Nielsen Marketing Research, most club customers have an annual income of more than $40,000 (£27,000), and many earn more than $60,000. Clubs have done much to make discount shopping not just acceptable, but fashionable.

That could pose a problem for some UK retailers. The high-street food discounters which have expanded rapidly in the past three years, such as Germany's Aldi, France's Netto, and the UK's Kwik Save, have tended to target poorer customers. But warehouse clubs may tempt the more affluent households which currently shop at superstores such as Sainsbury's and Safeway.

The breadth of warehouse clubs' product categories means it is not just food superstores which fear they could cream off their best trade. Electricals retailers such as Dixons and Comet, consumer durables retailers such as Argos, and furniture and DIY stores such as MFI and B&Q, could also suffer, according to industry observers.

The most important effect of warehouse clubs, however, could be the most subtle, evolving over several years. By offering such low prices, in combination with the growth of high-street discounters such as Aldi, the clubs could set a new, lower "price floor" across the retail trade, squeezing retailers' profit margins.

This, in turn, could be bad news for manufacturers. Dixons, for example, has told its suppliers it intends to match Costco's price on any product sold by both chains – but it also says it intends to continue making its usual profit margin. The message is clear: supply Costco and you must cut your prices to us.

"Dixons is wielding the big stick," says one supplier. "With times so tough, they know they have the whip hand over suppliers."

Other retailers may find different ways of competing. UK foodstores may follow their US counterparts, which have attempted to fend off the warehouse club threat by offering savings of 30 to 50 per cent on bulk purchases of basic goods, often bundled together in "club packs". Sometimes these are sold off warehouse racking in "club aisles", to mimic conditions in a club.

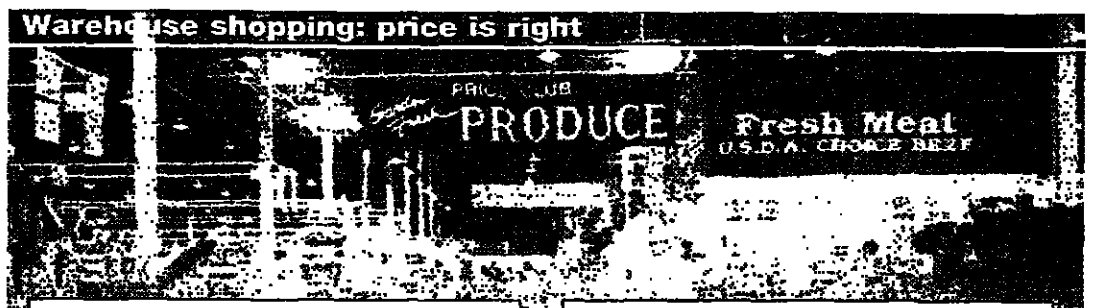
Some US retailers have adopted even more of the warehouse clubs' low-cost techniques, to enable them to offer lower prices, while selling a larger, often more specialised range. The south-western chain Mega Warehouse Foods, for example, invites customers to "Shop us like a supermarket. Save like a warehouse club." It sells goods cheaply in club-style surroundings, but offers 20,000 items compared to warehouse clubs' 3,500 and has no membership fee.

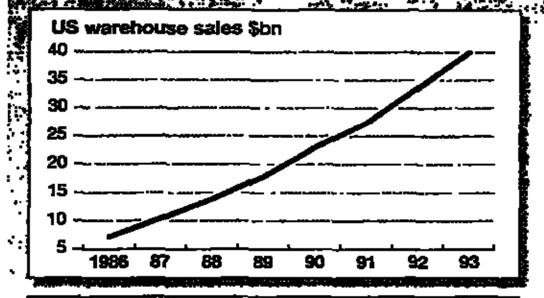
This trend may already be starting in the UK. J Sainsbury, which has the largest sales and second-highest profits of any UK retailer, is opening an annex to its existing Savacentre hypermarket at Beckton, east London, which will sell mainly own-label tinned, packaged and household goods in bulk. There have been reports in the retail trade – denied by Sainsbury's – that the store will incorporate some basic design features of a warehouse club.

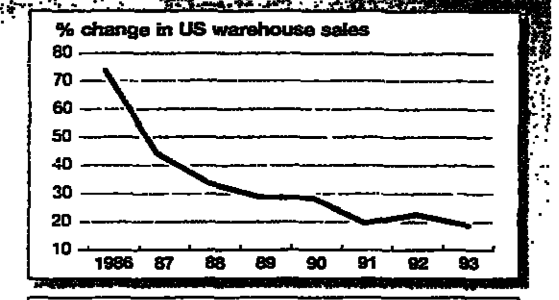
The opening of the annex may signal a sharp change of direction for the UK's top supermarket chains. The arrival of warehouse clubs is likely to accelerate the move away from the margin-led approach of the 1980s towards a more volume-driven strategy. But as in the US, some chains may decide they are fighting a losing battle if they try to compete with the clubs on price. Instead they could decide to concentrate on developing their strengths, such as choice, service and convenience.

The result could be both lower prices and a wider variety of styles in UK retailing – and the main beneficiary would be the consumer.

Warehouse shopping: price is right

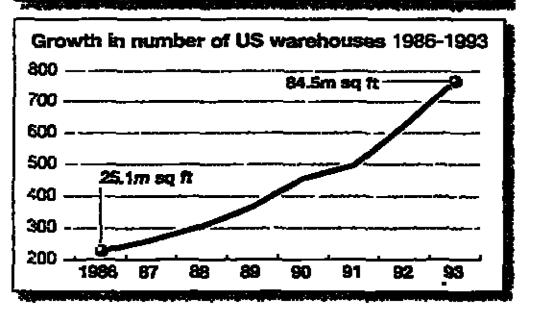






UK projected sales and market penetration

	Forecast sales £m	Forecast share UK retail spending (%)
Food	2,015	2.4
Office supplies	405	5.8
Clothing and textiles	200	0.6
Electrical products	305	2.5
Other	325	n/a
	3,250	1.7



Source: Verdict

Where bulk is best

Richard Tomkins visits a Costco outlet in the US

It is 10 o'clock on a Saturday morning and the 650-space carpark outside Costco's Clifton warehouse, on the New Jersey fringes of New York city, is filling up.

The building itself is nothing out of the ordinary: it is just one of several featureless sheds on a business park off the expressway. The attraction is the goods on sale – or more particularly, the price tags they carry.

One man coming out of the warehouse is pushing a trolley stacked with car tyres and tins of motor oil. He is a local taxi driver named Brett Lines, and he has just spent $240. But he says the same goods would have cost a third more anywhere else. "I just saved close to 80 bucks."

Howard Myers, a metal dealer, has spent $237.19 on an assortment of food, car accessories, electrical appliances and household goods. "I have no idea how much I saved," he says. "But I came in here for some dog food and I came out with a vacuum cleaner and a hairdryer."

The inside of the cavernous warehouse is austere, but brightly lit and clean. Goods are stacked on pallets laid out on metal racks. Fork-lift trucks move continually up and down the aisles, replenishing supplies as fast as the customers exhaust them.

More than a third of the 117,000 sq ft floor space is devoted to food and household supplies. The rest is taken up mainly by electronic goods (desktop computers, television sets, audio equipment and white goods), office furniture and supplies, do-it-yourself equipment, clothing and toys.

Warehouse clubs make their money by selling large quantities of a limited number of lines. Even so, the variety is wide: goods range from paper clips ($20 for 2,000) to grandfather clocks ($999.99 for one). Other products include Huffy 18-speed mountain bikes at $129.99, janitors' brooms at $4.79, men's underpants at six pairs for $8.99, and the Bible at $25.

Food and drink sells mainly in bulk: sugar, for example, is sold in 50lb bags for $15.49, Hellmann's mayonnaise comes by the gallon at $7.19, cans of Green Giant asparagus spears come in six-packs costing $8.99, and Budweiser beer is sold in 24-can cases at $10.49.

Shopping at Costco is for members only, but it is easy to get in. Anyone in business can buy a membership card for themselves at $30 and six more for employees, friends or relatives at $15 each. Membership is also open to all public sector employees and their partners.

Costco says 60 per cent of its sales are to business customers, but it is clear that many people are buying for personal consumption even when using their business cards. So are conventional stores feeling the pinch?

John Zuza, manager of the A & P supermarket half a mile down the road, seems unconcerned: he says his sales have risen since the warehouse opened last year. "Most of our business is small orders," he says. "Costco is fine if you have a big family or you're having a party, but most people don't want to buy 24 rolls of paper towel at a time."

He may be right. Even so, back at Costco, there are plenty of people like Jerry Marrone, a postal worker, and his wife, Joan, who have driven 20 miles to stock up on food and household goods.

Mr and Mrs Marrone say the $95 they paid for their booty was less than half what they would have paid elsewhere.

Joan Marrone delves into their trolley-load of goods and produces a pack of chocolate chip muffins. "You go in a normal bakery and a muffin that size would cost you $1," she says. "We have got 12 for $3.99. You just can't beat that. Britain is going to love this store."

OBSERVER

Community service

■ Roger Levitt, famously bankrupt financial adviser, didn't have such a bad weekend after all.

On Friday he avoided a jail sentence despite pleading guilty to fraudulent trading. Then on Saturday he watched Arsenal Football Club win a close-fought battle – two goals to one – against Newcastle United at Arsenal's London home turf, Highbury.

At the match Levitt occupied a familiar spot, a private box. In his glory days, when £34m losses were but a distant speck on the horizon, he had a box of his own.

Now Levitt must make do with one belonging to his friend Panos Eliades, an accountant and financial backer of heavyweight boxer Lennox Lewis – another interest they share, since Lewis was promoted by Levitt before he ran into his sticky patch.

The lack of his own box did not perturb Levitt. Chomping on a foot-long cigar, he remarked: "Arsenal haven't played better for months," an assessment no doubt bolstered by his own easier breathing.

Still, however chuffed, Levitt chose not to sport his own rather special Arsenal shirt. When his cash was in greater supply he is thought to have paid £4,000 for the Gunners' shirt worn by Michael Thomas when Thomas scored the winning championship goal against Liverpool for Arsenal four years ago.

Arsenal's detractors, peeved at the club's success, refer to it as Lucky Arsenal; but where would we all be but for a bit of luck?

Talent spotter

■ Never accuse Carlton Communications' boss Michael Green of not covering all his bases.

Just three days before he launched his bid for Central, which will give the combined TV group more than a fifth of total UK advertising revenues, he recruited a new non-executive director – Sir Sydney Lipworth, former chairman of the Monopolies and Mergers Commission.

The quietly efficient Lipworth should be able to see off any self-important official who starts asking impertinent questions about absence of competition.

Directorless

■ The Institute of Directors, the talking shop for Britain's boardrooms, is running short of directors. Director-general Peter Morgan bows out next year, and his deputy, John Nicholas, is waving goodbye today after eight years on the job.

'He says he's with his mistress but I think he's in face-to-face contact with the IRA'

Although Nicholas's departure from the free-market pressure group is being described as a "management restructuring", he appears to have been just another casualty of the recession.

Faced with a drop in membership from 35,000 to 33,000 over the past couple of years, the IoD has cut its staff by 10 per cent and frozen its annual fees at £160 for next year.

However, the IoD's management has yet to get to grips with its biggest cost centre – its opulent headquarters in Pall Mall, gobbling up a large part of the organisation's £12m a year running costs.

Will Morgan's successor have the stomach to close it down, or at least relocate it to a cheaper end of town?

Taxed men

■ However, the recession doesn't seem to be making any inroads into Britain's army of tax advisers, who have been outbidding each other in a desperate attempt to hire big names for their budget seminars.

KPMG Peat Marwick has hired Lord Lawson to sing for his supper this evening and Coopers & Lybrand has Michael Portillo for breakfast tomorrow. Given that Norman Lamont has sold his soul to ITN, Ernst & Young has had to make do with Lord Healey, the former Labour Chancellor. He may be a bit rusty on current policy, but should be good for a more historical perspective.

Vox pop

■ Elizabeth Symons is that unusual creature, a popular civil servant. Well, popular enough to be re-elected general secretary of the First Division Association, the senior civil servants' union.

Symons, aged 42, has sometimes seemed a voice in a veritable wilderness, speaking out for an independent, impartial civil service in an era of privatisation, market-testing and greater competition for Whitehall's top jobs.

An effective television performer, she has defended the values of the independent British public service. Her 10,700 members are clearly grateful; normally they are unable to defend themselves in public, a galling situation when daft political decisions not of their taking are pinned on to them.

Her re-election should also ensure the continuation of a little brightness at the Trades Union Congress. The printers' Brenda Dean and the university lecturers' Diana Warwick have gone; Symons is now the sole remaining female general secretary on the ruling general council.

Just too much

■ Another gem has been added to the annals of British Rail's list of inexcusable excuses for a frequently poor service. While London Underground was in greater chaos than usual last week, an exhausted and frustrated commuter vainly waiting on a platform in Essex heard these immortal words: "British Rail apologise for the late running of this service which is due to an excess of passengers".

FINANCIAL TIMES
Tuesday November 30 1993

World Bank urges China to maintain fight against inflation

By Tony Walker in Beijing

The World Bank has urged China to stay the course in its inflation fight and has warned of the risks of a painful retrenchment if credit restrictions are eased prematurely.

The assessment, published prominently in People's Daily yesterday, seemed designed to bolster the arguments of those in the Chinese leadership advocating continued restraint.

"Relaxing the credit squeeze too early could ruin the hard-won fruit of controlling inflation, and inflationary pressures could emerge again," wrote Mr E.C. Hua, a senior economist in the World Bank's Beijing bureau.

The conspicuous use of the views of international institutions to influence a bruising internal debate in China is a relatively new phenomenon and one that indicates the growing importance of bodies like the World Bank and IMF as sources of advice. Mr Hua had prepared his assessment as an internal document in September, which makes its prominent use in People's Daily all the more significant.

Mr Zhu Rongji, China's senior vice-premier in charge of the economy, has been engaged in a fierce argument with senior colleagues and provincial chiefs who believe mid-year credit restrictions are too severe.

Mr Zhu is the chief architect of a 16-point austerity programme announced in July aimed at calming China's overheating economy which is expected to grow this year by 13 per cent for the second year running.

Mr Hua described these projected rates of growth as "unsustainable". He warned that it was much too early to claim a "complete victory" in the anti-inflation fight.

Figures for October showed a resurgence on inflationary pressures to an annualised 21.1 per cent in the 35 main urban centres, up marginally from the previous month.

The World Bank economist blamed spiralling growth in the money supply in the first half of the year for the surge in inflation. M1, the broad measure of money in circulation, grew 54 per cent in the 12 months to June.

Mr Hua, in his preliminary assessment of progress in China's macro-economic reforms, said there was cause for optimism that the "worst had passed". But he warned that the big challenge for the authorities was to keep a tight rein on money supply growth while resisting pressures from state enterprises.

Since his assessment was circulated, however, China's anti-inflation resolve appears to be weakening. Mr Zhu has been obliged to give ground to the state enterprise lobby.

His case was not helped by remarks attributed to Mr Deng Xiaoping, China's senior leader, in which he is said to have advocated growth at almost any cost.

Efta unhappy with Brussels farm deal

By Christopher Brown-Humes in Stockholm and Patrick Blum in Vienna

Bargaining over conditions of entry for new members of the European Union is set to intensify after objections from Austria and Finland to the Commission's proposals on farm subsidies.

Austrian officials say the plan to cut agricultural subsidies could undermine public support for joining the Union. And leading Finnish politicians argue that the Commission's suggestions do not go far enough to meet its farming community's climatic and geographical difficulties.

The Commission said last week it wanted to end price support for farmers from the day of accession, when local prices would drop to EU levels. Governments would be allowed to compensate farmers for the difference through state subsidies for a negotiated period, which officials in Vienna say would cost Austria Sch7bn-Sch8bn ($588m-$673m) over three to five years.

The sceptical response to the proposals by all four countries belonging to the European Free Trade Association – Austria, Sweden, Finland and Norway – appears to be in part a way of persuading Brussels to put up more EU funds for their farmers.

The Austrian and Finnish objections are likely to intensify negotiations with Brussels over the financing of transitional aid for farmers in remote or mountainous regions of the four Efta applicants.

However, a public row over agriculture could further weaken public support for the EU in the four, which hold referendums on entry next year.

A senior official from the Austrian chancellor's office said the proposals "were presented in an insensitive way. It had a very negative impact. They could ruin the pro-EU atmosphere in our country." Officials said ministries were besieged last week with angry telephone calls from Austrians saying they would vote against membership.

Mr Franz Fischler, the Austrian agriculture minister, said: "The Community has changed its negotiating position. This is a new situation for Austria and it is not acceptable."

The proposals were rejected by Austria's farmers' association which said they would ruin farmers and the local food industry. The government, which is grappling with recession and a budget deficit, would not have the money to pay compensation, the association said. It threatened to advise its members to vote against membership.

Finland has made regional aid and agriculture the key issues in its EU membership discussions. In Sweden, however, reaction has been more positive.

VW unveils riveting system for new Audi

By John Griffiths in London

Volkswagen is considering progressively scrapping spot welding as a way of joining car body panels together in favour of a self-piercing riveting process.

The system, which will be used to build Germany's largest vehicle maker's new aluminium-bodied Audi car for launch next year, has been developed in partnership with Henrob, a small company based in Flint, north Wales, currently employing 34 people.

The project has been kept secret for nearly four years and is now covered by patents held jointly by Audi and Henrob. "We're just glad that Audi are at last letting us talk about it," said Mr Keith Jones, managing director and majority shareholder of the privately-owned Henrob. Under a confidentiality agreement, Henrob would have been required to pay Audi a DM1m ($447,000) penalty for any breach of confidence which predjudiced the DM1.1bn aluminium car project.

Self-piercing riveting as a technology for joining sheet materials is around 30 years old and Henrob acquired the rights to the basic processes 12 years ago. But the bulk and inflexibility of the plant and equipment required, and the corrosion risks associated with the way the system then worked, severely restricted its potential application. Subsequently, it has been largely ignored by the motor industry to date.

However, the process and equipment developed by Henrob and VW produces joints 30 per cent stronger than spot welds and virtually eliminates the corrosion risk, according to Mr Klaus Gugisch, Audi's manufacturing planning director. "Another advantage is that it requires a lot less energy than spot welding," he said.

Crucially, the two companies say it is as fast and flexible as the robotic multiwelders now used to assemble the several hundred individual pressings which comprise a conventional steel car body shell.

Henrob's robotic riveters are similar in appearance to multi-welders, can be manipulated in the same manner and require no more working space. The process requires no pre-drilling but shares the multi-welders' disadvantage of requiring access for the riveting tool to both sides of a joint.

The new Audi, to be called the 300, has 68 per cent of its body joints made with the riveting process.

The process has also been developed to join steel components, which are substantially harder than aluminium and which are currently used in the majority of car bodies.

Rivet pioneers, Page 7

EU to face France-UK split over airline crisis

Continued from Page 1

12] should invite the Commission to reflect on a fleet reduction plan achieved by agreement with the financial organisations, carriers and manufacturers," the paper says. France calls for a better balance between competition rules and the long-term objective of creating a "powerful and prosperous air transport industry".

In this context, the EU and member states should provide financial support for restructuring, retraining and redundancies. France also wants to tighten up on safety and labour norms to prevent carriers from reregistering aircraft outside Europe.

The UK paper, by contrast, points to the return to profit of airlines in countries with more liberalised markets – Lufthansa in Germany and KLM in the Netherlands – arguing for effective management rather than protectionist measures. "Airline managers simply have to get their costs under control," the UK says. "Some quite evidently have this well in hand; others, equally evidently, do not."

The British government says capacity restraints will penalise efficient carriers and that Brussels should outlaw "the injection of large amounts of money by states into certain airlines in a way which distorts competition".

The UK paper calls for national governments to co-operate in rationalising Europe's fragmented air traffic control systems, which cost airlines six to eight times more than the US ATC system, and for Brussels to crack down on monopoly handling arrangements at some European airports.

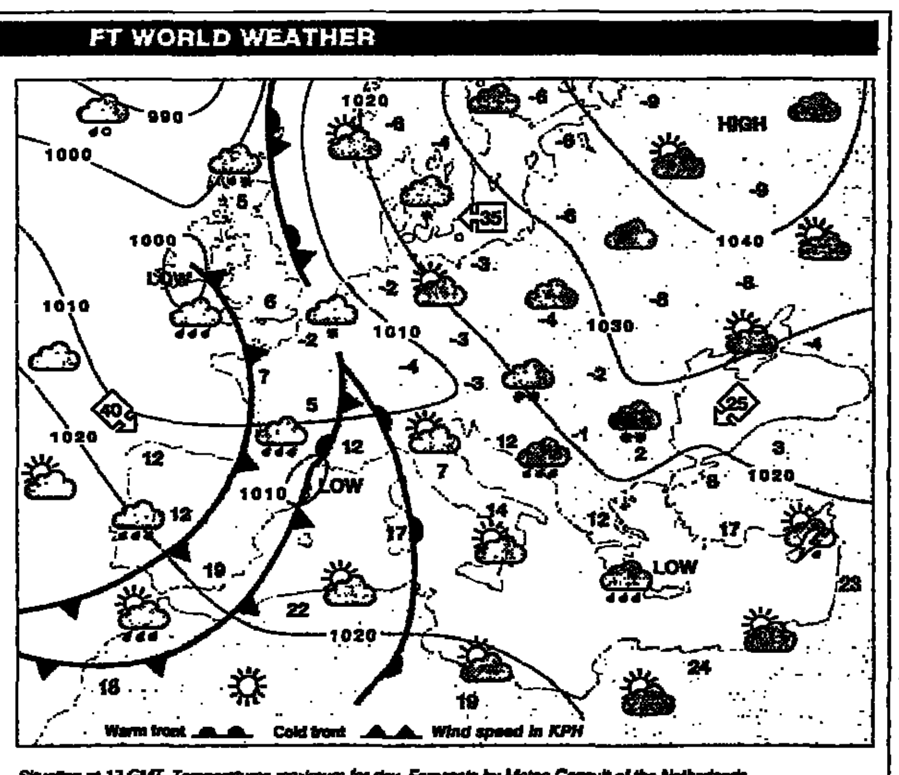
FT WORLD WEATHER

Europe today

Frontal systems associated with low pressure areas over the Atlantic will move across the British Isles and into the continent. They will bring cloud and outbreaks of rain or sleet to eastern England and western France. Further inland, in north-eastern and eastern France, precipitation will turn to snow. South-western areas of the Low Countries will also have some snow. Spain and Portugal will have rain or showers, especially in northern and central parts. Central and eastern Europe will be wintry with sunny intervals. Low pressure near Greece will bring rain or showers to most of this region. Balkan countries will continue wintry with outbreaks of snow.

Five-day forecast

Low pressure systems from the Atlantic will bring milder air to western Europe. As a result, wintry conditions will slowly ease over the continent. Initially, there will be more outbreaks of snow or freezing rain, but precipitation will turn to rain later. Northern and eastern Europe will have outbreaks of snow. The Mediterranean will be unsettled with showers or rain but on Friday drier conditions will move in from the west.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	fair	28
Accra	fair	30
Algiers	fair	22
Amsterdam	cloudy	-1
Athens	rain	13
B. Aires	rain	20
B.ham	cloudy	6
Bangkok	fair	32
Barcelona	shower	16
Beijing	fair	2
Belfast	shower	7
Belgrade	snow	-1
Berlin	cloudy	-1
Bermuda	cloudy	23
Bogota	cloudy	18
Bombay	fair	33
Brussels	cloudy	-2
Budapest	snow	0
C.hagen	fair	0
Cairo	fair	26
Cape Town	fair	24
Caracas	shower	27
Cardiff	shower	8
Chicago	sleet	2
Cologne	cloudy	-1
D' Salaam	sun	29
Dakar	fair	26
Dallas	sun	23
Delhi	sun	27
Dubai	fair	29
Dublin	fair	8
Dubrovnik	shower	12
Edinburgh	sleet	4
Faro	fair	19
Frankfurt	fair	-3
Geneva	cloudy	-1
Gibraltar	shower	19
Glasgow	sleet	4
Hamburg	fair	-1
Helsinki	fair	-7
Hong Kong	cloudy	23
Honolulu	cloudy	27
Istanbul	rain	8
Jersey	rain	7
Karachi	fair	32
Kuwait	fair	26
L. Angeles	hazy	19
Las Palmas	fair	22
Lima	cloudy	21
Lisbon	shower	15
London	rain	5
Lux.bourg	fair	-3
Lyon	snow	0
Madeira	shower	20
Madrid	rain	12
Majorca	fair	18
Malta	fair	18
Manchester	cloudy	6
Manila	shower	29
Melbourne	fair	32
Mexico City	fair	21
Miami	fair	26
Milan	fair	4
Montreal	snow	-3
Moscow	fair	-9
Munich	fair	-5
Nairobi	fair	23
Naples	fair	14
Nassau	fair	28
New York	sleet	5
Nice	fair	11
Nicosia	shower	18
Oslo	snow	-2
Paris	snow	2
Perth	fair	21
Prague	cloudy	-3
Rangoon	fair	35
Reykjavik	rain	3
Rio	shower	26
Riyadh	sun	26
Rome	fair	15
S. Frsco	hazy	14
Seoul	cloudy	6
Singapore	rain	30
Stockholm	snow	-3
Strasbourg	cloudy	-4
Sydney	fair	30
Tangier	shower	17
Tel Aviv	fair	24
Tokyo	cloudy	14
Toronto	sun	-2
Tunis	sun	20
Vancouver	rain	8
Venice	fair	6
Vienna	cloudy	-1
Warsaw	fair	-5
Washington	sun	6
Wellington	shower	13
Winnipeg	snow	-1
Zurich	fair	-6

THE LEX COLUMN

Carlton opens the box

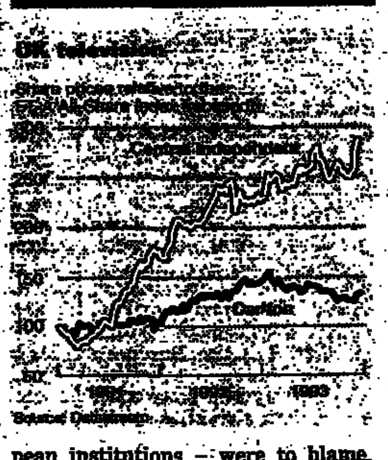
With Mr Peter Brooke still fumbling to load the starting gun for the ITV takeover race, Carlton Communications has leapt out of the blocks by making a £624m conditional offer for Central. If the bid proceeds, Carlton will emerge as the dominant force in UK commercial television, commanding 30 per cent of ITV advertising revenue and with further shareholdings in ITN, GMTV and Meridian.

But Carlton is paying a fat price for the privilege, forking out the equivalent of 25 times Central's forecast earnings for the shares it does not already own. The talk of resultant cost savings is also worryingly vague. Central is leanly run and has recently reduced its staff from 2,050 to 840. But it is probably fair to take Mr Michael Green's assurances about non-dilution on trust, given his ability to leaf freely through Central's management accounts as a non-executive director. Carlton can certainly channel more production through Central's loss-making Nottingham studios and rationalise some overheads.

Moreover, Carlton's balance sheet will not be unduly strained by the move. Indeed, with post-acquisition gearing of just 30 per cent, Carlton will remain strongly placed for further expansion if the ITV rules are again relaxed. That would further improve the quality of Carlton's earnings, supporting the case for a stock market re-rating.

There remains a slim threat that either parliament, the MMC or a rich foreign bidder could stymie Carlton's plans. The serious longer term worry is whether the combined group's management will prove volatile, given both companies' strongly independent cultures. But such traditions could also hinder the emergence of a powerful rival, creating resistance to any suit by Granada for LWT. The sector's first hostile bid may yet result.

FT-SE Index: 3135.8 (+24.4)



Japan

The downward slide of the Nikkei average should not send a shudder through the world's financial markets just yet. While previous bouts of weakness have tempered the enthusiasm of Japanese investors for foreign stocks and bonds, the overall pattern of buying has remained intact. True, Japan recorded a rare long-term capital account surplus in 1991 after the bubble economy burst. But a sharp decline in direct investment abroad by Japanese companies – and heavy buying of Tokyo equities by US and European institutions – were to blame. Japanese portfolio investors remained net buyers of overseas assets even as the Nikkei fell below 15,000 last year.

With four months to go before their financial year-end, Japanese institutions have little immediate need to take overseas profits to cover book losses at home. Low interest rates have anyway diminished the attractions of yen bonds or deposits. The recent weakness of the yen is an additional incentive to hold foreign currency assets. The exchange rate might also serve as evidence that Japanese investors are not preparing to take capital home. Even though the currency market remains preoccupied with other factors – notably the grim economic outlook in Japan – widespread portfolio selling might be expected to nudge the yen higher.

Still, experience suggests that a tumbling domestic equity market and economic uncertainty at home will cause bullish Japanese investors to pull in their horns. European bond markets which have thrived on Japanese interest so far this year may have to learn to live without.

Lasmo

The recent fall in the oil price must be making a few eyes water in the Lasmo boardroom. Even though oil prices have averaged $17 a barrel this year, Lasmo is likely to lose money in 1993. This is despite £426m of exceptional items, including asset write downs, which the company took in respect of last year.

In part, the unprofitability arises because the carrying value of some assets is still too high for current market conditions. Excluding depreciation, the cash flow position does look more healthy. That argues for a further write down, but Lasmo's balance sheet is already 70 per cent geared, so institutions and banks may bridle at a further sharp rise. The company's debt is also predominantly in dollars, and further falls in sterling would raise gearing too.

Aside from accounting issues, Lasmo may have to conserve cash if the oil price continues below $15. The remains of the dividend must be under threat, and the capital expenditure programme may be curbed even though that threatens future development. The alternative of combining a capital injection with a passed dividend would be difficult to sell to shareholders. A bid for Lasmo's assets also seems unlikely while prospects are so uncertain and estimates of its asset value differ so markedly. Lasmo will have to hope that its US shareholders, who seem unconcerned about dividends, are in for the long haul.

HSBC Holdings

It was the Bank of England which brought in Sir Peter Walters and Mr Brian Pearse to sort out Midland Bank long before HSBC's successful bid. Now that the job is done, a natural break seems in order. That, rather than disagreement, seems to be behind yesterday's announcement that the two men are moving on. Set against expectations that Mr Pearse would eventually assume the chairmanship of Midland, though, the news reinforces the impression that HSBC is tightening its grip on its new acquisition. The market will thus be alert for any shift – more probably of emphasis rather than direction – in strategy.

One issue relates to the loan market, where Midland has become noticeably more aggressive. It admits to concern over the fall in margins on large UK corporate loans. How far it is prepared in practice to restrain its lending as competition for business increases is another matter. Then there is the question of the speed with which HSBC's sophisticated retail technology can be adapted to the UK market.

Getting the answers right requires local experience of the type HSBC is forfeiting with the departure of Mr Pearse. Admittedly, a group with such a far-flung empire always has to wrestle with the question of how decentralised control should become. The latest message from Midland is that its parent knows best.

FINANCIAL TIMES
COMPANIES & MARKETS

Tuesday November 30 1993

INSIDE

Blessing Italian bank mergers

The Bank of Italy has in recent years encouraged mergers to create stronger, more competitive financial institutions. Page 18

Big guns aim at Mexico
US and European investors are manoeuvring swiftly to take stakes in Mexico's fledgling insurance sector. Page 20

Noranda cuts timber
Noranda, the resources group controlled by Toronto's Bronfman family, is reducing its exposure to the forest products sector by cutting its stake in Noranda Forest, its pulp and paper subsidiary, from 83 per cent to 74 per cent. Page 20

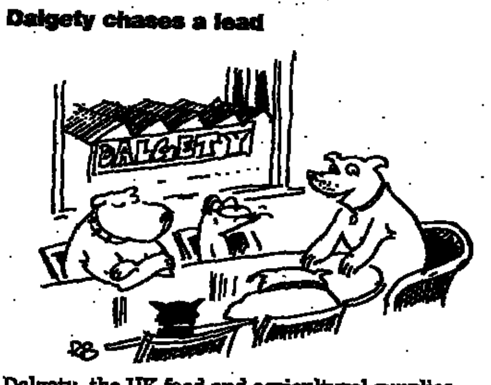
Airline may collapse
Aerolíneas Argentinas, the troubled carrier operated by Spain's Iberia, may be allowed to collapse. Page 21

Equitable injects
Equitable, the US insurer, plans to inject $800m into its US life insurance company before the end of the year. Page 21

Qantas names finance chief
Qantas, the government-controlled Australian airline, has announced that Mr Gary Toomey had been appointed chief financial officer with effect from December 1. Page 22

Bank results provide few answers
It has been a mixed results season for the Australian banking sector. Page 22

Dalgety chases a lead



Dalgety, the UK food and agricultural supplies group, has bought Paragon Petcare from British Petroleum for £42m ($63m) in cash. Dalgety says the deal will give it continental sales of more than £100m annually and 12 per cent of the European petfood market by volume. Page 24

Tring postpones flotation Tring International, the UK budget price compact disc company, postponed its planned flotation. Page 24

Dorling Kindersley warns
Shares in Dorling Kindersley, the recently floated UK publisher, fell nearly 10 per cent after the publisher warned that trading had been disrupted by a computer problem. Page 24

Few sparks likely
Eastern Electricity today opens the interim results season of the 12 UK regional electricity companies. Page 25

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Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
AG Ind & Verk	1445	+	15	Cred Lyon	700	+	19
Falls				**Falls**			
Bil & Berger	841	–	26	CGIP	1190	–	31
Heidelb Zem	1180	–	20	Credit Local Fr	459.5	–	13.3
Holzmann Ph	875	–	15	Fonc Lyonnaise	821	–	29
Varta	315	–	20.7	GTM-Entrepose	460	–	16
Volkswagen	394.5	–	11.5	Imetal	526	–	20
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Gap Stores	40¾	+	1¾	Stewart	430	+	44
JP Morgan	71	+	1⅛	**Falls**			
Procter Gamble	59¼	+	2⅝	Dai-Ichi Kangyo	1770	–	250
Falls				Kokusai Secs	1350	–	230
IBM	54¾	–	1¼	Riken Corundum	317	–	54
Motorola	94	–	2⅛	Showa Rubber	176	–	29
Texas Inst	63⅛	–	1	Yasuda Tst & Bk	675	–	65

New York prices at 12.30pm.

LONDON (Pence)							
Rises				Kalamazoo	89	+	11
AAF Inds	49	+	11	LWT	579	+	45
Balgachik	232	+	30	Next	199	+	11
Bodycote	275	+	20	OS Hldgs	225	+	35
Caldwell Inv	43	+	4	Smith New Ct	394	+	21
Cannon St Invs	35¼	+	4	Young (H)	52	+	4
Carador	362	+	12	**Falls**			
Carlton Comm	797	+	30	BBA Group	178	–	11
Central ITV	2573	+	405	Dawson Intl	173	–	10
Cortec	113	+	9	Dorling Kind	299	–	31
Control Tech	345	+	15	Hardy Oil	143½	–	13½
Grainger Tst	222	+	21	Pelon	179	–	8
Heywood	90	+	9				
Hazlewood Fds	148	+	7				

Ferruzzi creditors approve rescue plan

By Haig Simonian in Milan

Bank creditors representing more than 85 per cent of the total borrowings of Italy's Ferruzzi group yesterday gave their approval to a controversial rescue plan drawn up by leading Italian lenders.

Reaching the 85 per cent level means shareholders' meetings to approve the recapitalisation of the Ferruzzi Finanziaria (Ferfin) holding company and Montedison, its main industrial subsidiary, will go ahead as planned today and tomorrow.

Mediobanca, the Milan merchant bank behind the rescue plan, and Mr Guido Rossi, Ferfin chairman, had stressed the restructuring could be put at risk if the 85 per cent level was not reached.

Securing the agreement of enough creditors became a virtual certainty yesterday after Deutsche Bank, one of the main critics of the restructuring plan, broke ranks with other leading foreign creditors and accepted the proposal. The decision, ostensibly for "political" reasons, weakened the front of non-Italian banks, which opposed the Mediobanca scheme when it was presented last month.

In contacts with other foreign creditors, Credit Suisse said efforts to prepare an alternative scheme would continue, in spite of Deutsche Bank's decision to resign from the committee of five foreign banks. The other banks include Barclays, Union Bank of Switzerland and Citibank.

Last night, the four remaining banks repeated their refusal to be railroaded into a settlement. They said "such a complex plan cannot be the object of careful revisions and consideration within the very short time requested by Ferruzzi".

Credit Suisse said the foreign banks' group would meet on Wednesday and hoped to share its conclusions with other foreign creditors before Christmas.

The Mediobanca plan calls for moratoria and below-market rates on interest payments on Ferruzzi group borrowings, as well as reschedulings of most debts. Ferfin had net borrowings of L22,600bn ($13.4bn) at the end of June.

Last week, Mediobanca issued an "updated plan" which went some way to meeting foreign banks' criticisms by removing a number of companies, to which foreign banks were most exposed, from the rescheduling proposals.

Shareholders in Ferfin and Montedison will be also asked to approve legal action against Price Waterhouse, which audited the two companies. The boards of Ferfin and Montedison say the firm failed to spot severe financial irregularities which allegedly arose under the previous management.

Raymond Snoddy examines the first of the UK's big commercial television takeovers

Carlton bids £758m for Central rival

Mr Michael Green's Carlton Communications launched the ITV takeover game yesterday with an agreed bid for Central Independent Television which valued the second largest ITV company at £758m.

The cash and shares offer at the equivalent of £26 a share came just five days after Mr Peter Brooke, national heritage secretary, proposed changing the ITV ownership rules to allow, for the first time, a single company to own a total of two broadcasting licences.

Mr Green, will become the most powerful figure in UK commercial television if the Central deal, conditional on parliamentary approval, goes through. The combined group will command around 30 per cent of total ITV advertising revenue. Central already owns 20 per cent of Meridian, the south of England broadcaster, while Carlton holds 20 per cent of Good Morning Television, the commercial broadcaster.

Carlton, whose interests range from television facilities and professional equipment to video-cassette duplication, yesterday underlined its growing strength by announcing a 26 per cent increase in pre-tax profits to £126.1m.

Central's share price rose more than £4 yesterday to £25.73 and Carlton finished 30p up at 797p.

Two other forces in independent television are also expected to make takeover moves. Granada Group is thought to be eyeing London Weekend Television, a company in which it holds 20 per cent, and Lord Hollick, chairman of Meridian Broadcasting, is predicted to go for either Anglia Television or HTV, the ITV company for Wales and the west. But neither Mr Gerry Robinson, the Granada chief executive, nor Lord Hollick like the current ITV share prices and it is far from clear when they will make a move.

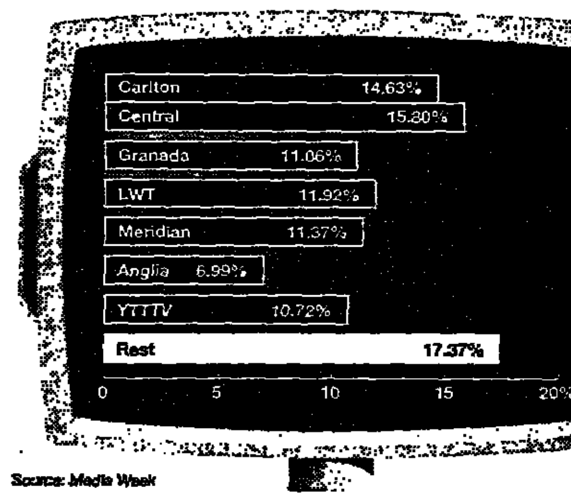
Mr Green said yesterday that the Central deal would create "a serious critical mass" of programme production and promised that appropriate Carlton network programmes would be made in Central's Nottingham studios, which are underused.

Mr Neil Blackley, media analyst at stockbroker Goldman Sachs, said last night: "In television terms it's a great move. It's a real power base."

The deal will lead to a reorganisation of administration and support services at the two companies and there are fears of job losses.

Ms Anne Rawcliffe-King, of the broadcasting union Bectu, warned that the concentration of power within ITV resulting from the takeover would "seriously unbalance the system".

The big boys' share of the ITV advertising market



Source: Media Week

Tony Andrews
Michael Green: to become a dominant figure in UK commercial TV

Right on cue for super league

The consolidation of the UK's commercial television network followed the expected script to the letter yesterday as Mr Michael Green's Carlton Communications made an agreed £758m ($1.12bn) bid for Central Independent Television.

Mr Green, who bought a 20 per cent stake in Central for £29.5m in 1987, pounced less than a week after Mr Peter Brooke, national heritage secretary, proposed changes that will allow one independent television company to own two large ITV licences.

The deal – subject to parliamentary approval of the rule change – will make Carlton by far the largest ITV company, broadcasting to 20m people and accounting for about 30 per cent of the ITV advertising market.

If the rest of the ITV takeover script runs to form, Mr Gerry Robinson, chief executive of Granada Group, and Lord Hollick, chief executive of MAI, the dominant shareholder in Meridian Broadcasting, could soon join Mr Green as power brokers of the ITV network.

Granada, which owns 20 per cent of LWT, is expected to make a – probably hostile – bid for the rest of the London Weekend station. Lord Hollick's likely targets are Anglia Television or HTV.

Three super ITV companies would then control more than 70 per cent of ITV's £1.5bn-plus advertising revenues. With this would come the power to take decisions, which at present lies with an unwieldy 14-company structure.

Talks got under way between Carlton and Central last Wednesday. Central was still planning to bid for Anglia but on Thursday decided to put it on ice to see whether a deal could be done with Carlton. Negotiations continued over the weekend and the Central board agreed the deal late on Sunday.

The deal values Central's shares at £26 each – two years ago they stood at less than £7. It comprises £204m cash, Carlton shares and Carlton preference shares.

Carlton accompanied the takeover news with preliminary results for the year to September, showing a 26 per cent increase in pre-tax profits to £126.1m on turnover up 56 per cent to £1.09bn. Earnings per share rose from 33.4p to 42p, and a final dividend of 11.3p makes a total of 18.7p, up 10 per cent.

Ten years ago Mr Green reversed the unknown Carlton into the Fleet Street Newsletter to produce a company capitalised at £10m. The newly enlarged Carlton would be capitalised at more than £2bn.

Yesterday Mr Green, shoes kicked off, chomping contentedly on a cigar, expressed exasperation at Labour MPs who condemned him for jumping the legislative gun. He suggested the agreed bid was a model, with commitments to regional production underlined and plans for more programme production.

"In television English is the international production language," said Mr Green, who is looking at the possibility of following BBC World Service Television into international markets, particularly in Asia. He is also chairman of Independent Television News, in which has an 18 per cent stake.

He promised an increase in programme production at Central's Nottingham studios. The two companies are complementary in that Carlton is a publisher-broadcaster commissioning most of its programmes from independent producers, while Central makes a significant proportion of programmes in house.

However, savings will have to made to protect earnings. First signs are that the target will be £10m a year which could mean job losses, mainly in administration.

Mr Leslie Hill, Central's chairman and chief executive, will continue to lead it as a separately run subsidiary and will join the Carlton board.

Carlton already has acceptances for the proposed deal representing 39 per cent of Central's equity.

Australian securities industry votes against super shares

By Nikki Tait in Sydney

Fund managers and members of Australia's securities industry are strongly opposed to the introduction of shares with "super voting rights", according to a poll conducted by the Securities Institute of Australia.

In a submission to the Australian Stock Exchange, which is canvassing opinion, the Securities Institute of Australia said a poll of members delivered "a resounding 92 per cent vote against such shares".

The results of the poll are a further blow to Mr Rupert Murdoch's News Corporation which in September announced plans for an issue of shares with enhanced voting rights. Critics fear such schemes would be used by managements to entrench their positions. The company has yet to issue formal details.

The SIA represents individuals working in the securities industry. Significantly, stockbroking members voted 91 per cent in favour of the existing "one share, one vote" principle, the SIA said.

Meanwhile, the Australian Investment Managers Group, which speaks for most of the main fund management businesses, said that the "one share, one vote" principle had worked well and that "any move to bring in another regime, whose only purpose can be to allow a minority investor to have effective control in perpetuity, will have adverse implications for the integrity of the Australian capital markets".

It stressed that the issue raised "an important question of public policy and questions of regulation to protect shareholders which are not just, or even mainly, for the ASX".

Earlier this month News Corp toned down key features of its proposed super share issue. The media company said it would place a "cap" of 40 per cent on the aggregate number of votes which could be exercised by holders of super shares. In addition, new shares would be transferable without loss of voting power and they would be quoted on the ASX which would need to change its listing rules to permit the News Corp scheme.

Sabena and Delta strengthen links with route sharing deal

By Andrew Hill in Brussels

Sabena, the Belgian state carrier, is to strengthen its links with Delta Air Lines of the US. The Belgian carrier announced that the two airlines would share the Brussels-New York route from January 16. Passengers booking through Sabena or Delta will travel on one of Sabena's Boeing 747 aircraft to and from New York's JFK airport, and Delta will supply its own cabin crew.

Sabena, which has been working to cut costs and improve its service, said the arrangement would save it some BFr600m ($16.6m) a year in operating costs. In March, the two companies announced a similar deal on the Brussels-Atlanta route.

Sabena said there was "always the possibility" that the Belgian carrier might co-operate with Delta on other routes.

The Sabena announcement follows the collapse of talks on an ambitious merger between four European airlines – Swissair, KLM Royal Dutch Airlines, Scandinavian Airlines System and Austrian Airlines. The carriers announced the end of talks last week after failing to agree on a suitable US partner.

Delta, which has cross-equity links with Swissair, was one of the possible partners. Sabena said yesterday that the success or failure of the four-way "Alcazar" alliance had not been a factor in negotiations with Delta on the Brussels-New York route.

European carriers have moved quickly to establish alliances with their US counterparts in recent years. Air France, which has a large stake in Sabena, has linked up with Continental Airlines of the US. The Belgian carrier said yesterday that the competition between the two alliances would be slight because Continental does not fly between New York and Brussels.

"This co-operation [with Delta] is proof that Sabena can develop its own strategy with the approval of Air France," said the Belgian airline.

● Lufthansa and Austrian Airlines have renewed negotiations on a co-operation agreement, Reuter reports from Vienna. Austrian Airlines said it met the German carrier on Friday for their first negotiations since the collapse of the Alcazar talks.

Brian Pearse hands over Midland reins to HSBC

By Alison Smith

Mr Brian Pearse, chief executive of Midland Bank is to retire in March and be succeeded by Mr Keith Whitson, in changes to the Midland board that strengthen HSBC Holding's grip on the UK clearing bank it acquired last year.

At the same time, Sir William Purves, chairman of the HSBC group, is to take over from Sir Peter Walters, whose impending departure as chairman of Midland was announced earlier this year.

Sir Peter is becoming chairman of SmithKline Beecham, the pharmaceuticals group.

It had been widely expected within Midland that Mr Pearse, 60, would succeed Sir Peter as the bank's chairman.

Mr Pearse refused to comment on whether he was disappointed at leaving Midland, although he said that he had achieved what he "set out to do" when he joined the group from Barclays Bank in March 1991.

"I think there could be an advantage [in Sir William's becoming chairman]," Mr Pearse said. "It will help to knit the two cultures of the bank even closer together." However, he added: "I don't feel 60."

Although Midland's after-tax profits were wiped out in 1990 and 1991 by losses on loans to UK companies and consumers, its more recent performance has been much improved.

In August it reported pre-tax profits of £385m ($570m) for the first six months of 1993, against £60m a year earlier.

HSBC said it was standard practice within the group for the chairman of the group to chair subsidiaries – Sir William already chairs, for example, the British Bank of the Middle East.

Mr Whitson, aged 50, has been deputy chief executive of Midland since 1991 and has worked for HSBC for more than 30 years. He said yesterday that he saw his task as maintaining the progress that had been made since the acquisition, and in continuing the emphasis on customer service.

As chief executive of Hongkong Bank's operations in the UK from 1987 to 1989, Mr Whitson worked closely with senior Midland executives, after HSBC acquired its first stake in the clearing bank in late 1987.

Lex, Page 16

NCC aims to raise SKr545m

By Christopher Brown-Humes in Stockholm

NCC, the Swedish property and construction group, plans to ask shareholders for up to SKr545m ($64.9m) in new capital following a return to profit for the first nine months of 1993.

The company said a stronger capital base would enable it to participate more actively in the restructuring of the construction industry which is under way in Sweden.

NCC is to offer new shares on a two-for-five basis at SKr27.50 a share, a substantial discount to the SKr64 at which the shares were trading last week.

The issue, which will raise the group's equity-to-assets ratio by two percentage points to 22 per cent, is being supported by Nordstjernan, the Swedish property and construction group which with 55 per cent of the capital is NCC's largest shareholder.

NCC had a pre-tax profit of SKr548m for the first nine months, compared with a SKr252m loss in the same 1992 period.

However, before extraordinary items, profit amounted to just SKr73m, compared with a SKr101m deficit last time.

The improvement was helped by cost-cutting and reduced losses from associated companies.

It came in spite of the continuing collapse of the Swedish construction market, which pushed down revenues to SKr13.0bn from SKr14.9bn.

NCC expects a full-year pre-tax profit of between SKr400m and SKr500m, before an expected SKr300m in write-downs on property developments.

Turkey cancels paper group sale

By John Murray Brown in Istanbul

Plans to sell part of the Turkish state paper company were cancelled yesterday along with a rescheduling of the sale of the state aircraft tyre factory. The developments deal a severe blow to Turkey's privatisation programme.

Turkiye Seluloz ve Kagit Fabrikalari (Seka), the state-owned paper and pulp group, confirmed that it had not received any bids for its Balikesir factory, which the company had put up for sale in September at a minimum price of $250m.

Seka is Turkey's largest producer of newsprint. The company, which is arranging its own privatisation, is now expected to approach the main newspaper groups Sabah and Hurriyet to seek a buyer.

Separately, the tender for the government's 99 per cent stake in Petlas, the tyre manufacturer, which was due to close yesterday has been extended to December 14, in order to give the government agency in charge of state assets sales more time to attract buyers. The agency had set a minimum price of around $100m.

Petlas was formed in the 1970s in the wake of the US arms embargo on Turkey, following the invasion of Cyprus in 1974. It makes tyres for aircraft and military land vehicles.

QMH chief points to April for refinancing

By Maggie Urry

It could be April next year before Queens Moat Houses can finalise details of a £1.3bn ($1.9bn) refinancing agreement with its 65 banks, Mr Stanley Metcalfe, chairman, told shareholders yesterday.

He said discussions should persuade the banks to extend the standstill agreement which expires at the end of January.

Only after agreement has been reached with the banks can a restructuring plan for the hotel group's debt be put to shareholders.

Mr Metcalfe spelt out the company's position at a packed, and sometimes angry, annual meeting yesterday, followed by an extraordinary meeting. On a show of hands shareholders voted against adopting the annual report. However, on a poll the resolution was carried by 356.7m to 52.5m.

Argument centred on the group's valuations of its hotels. Weatherall Green & Smith had valued the hotels at £1.35bn in May, after a draft valuation had shown a figure of £1.86bn. But Jones Lang Wootton was then appointed to revalue the hotels and came up with a figure of £861m, which had been incorporated in the 1992 accounts.

Mr John Bairstow, the former chairman, admitted he carried most responsibility for the mess the company was in. He said the new board did not have sufficient property expertise and was "shooting itself in the foot" over the valuations.

Mr Metcalfe repeatedly told shareholders that the company could only continue trading with the banks' support. He said of the group's debt of £1.3bn it was not paying interest on £800m.

The group's cashflow was too low to sustain the company without "a significant reduction" in debt and a further "significant" amount becoming non-interest bearing. He could give no indication of the size of the debt-for-equity swap being negotiated and thus the dilution of existing shareholders.

Italian banks close their ranks

Haig Simonian on the background to a spate of regional mergers

A decade ago, one big regional bank merger a year in Italy would have seemed revolutionary. In the past month, three regional banks have taken over like-sized counterparts, while another pair are merging amicably.

Two deals were finalised last week alone. Banca Popolare di Verona, a stockmarket-listed bank based in Verona, clinched control of Banco San Geminiano e San Prospero, a regional counterpart from Modena after a three-week struggle.

Banca d'America e d'Italia, the Italian subsidiary of Germany's Deutsche Bank, took a controlling stake in Banca Popolare di Lecco, a 89-branch regional based just north of Milan.

The deal will cost BAI about L810bn ($479m) after an obligatory public tender offer to buy out minorities.

Earlier in the month, Cassa di Risparmio di Parma e Piacenza, a fast-expanding savings bank, said it was planning to buy control of Credito Commerciale, a Milan-based regional bank and trade finance specialist which has fallen on hard times.

Even after handing 40 of Credito Commerciale's branches back to its parent company, Sienna's big Monte di Paschi, the Parma institution, will be adding 70 branches to its network.

In Bologna, one of Italy's main business centres, two big regional banks have advanced their plan to merge. Earlier this year, Credito Romagnolo, the larger of the pair, reached agreement with the city's savings bank on a share swap. The exchange was seen as the first step in a courtship leading to an eventual marriage. Recently, the two banks have said they intend to hurry the nuptials.

All the mergers have the blessing of the Bank of Italy, which has in recent years encouraged mergers to create stronger, more competitive financial institutions.

Italian banking is still very fragmented compared with France, Germany or the UK, where the sort of concentration now taking place is largely history. Concerned about the growth in foreign competition expected after the European Union's free internal market, the central bank began in the early 1990s to encourage regional banks to merge.

The aim was to form bigger, more efficient and better-capitalised banks, reaping economies of scale offering more services than one bank alone. Concentration was also stimulated by substantial tax breaks for mergers.

Competition also played a part. The elimination in 1990 of tough restrictions on branch expansion meant once tame regionals started opening branches on each others' territory. Bigger nationwide banks could also expand in areas, especially in the rich north, they had been viewing enviously for decades.

The bank of Italy's fears of a foreign incursion have proved largely unfounded. Only two big transactions had taken place until last week. In 1986, Deutsche Bank spent $603m on BAI.

Three years later, Crédit Lyonnais of France bought an interest in Credito Bergamasco, which it now controls.

Takeovers from abroad have been limited by very high asking prices for the sort of well-located regional banks in demand, and by their scarcity.

Although the recession has flushed out additional supply, changes in business priorities among many foreigners, now pre-occupied by domestic downturns, has tended to dampen their interest.

Worries about Italian political and economic uncertainty have also played a part. Significantly, neither of the two "White Knights" believed to be interested in Banco San Geminiano were foreigners.

Italian banks may also be better placed to understand the opportunities in their market and judge whether asking prices are reasonable, even if they remain high.

The amounts paid for Banco San Geminiano and Banca Popolare di Lecco appear astronomic, in spite of the recession. That is especially true if the deals are seen against next month's privatisation of Credito Italiano, Italy's seventh biggest bank, which has almost 800 branches nationwide. Analysts estimate the 67 per cent stake being floated will raise about L2,000bn.

The continuing attractiveness of regional banks has various causes. The protection offered until 1990 by the Bank of Italy's branch expansion rules allowed the biggest regionals to build up sizeable networks, which were highly concentrated in a specific part of the country.

Fierce local loyalties meant the regional banks often enjoyed near monopolies, even when competition increased after the central bank relaxed its branching rules. And the established presence of the regional banks and strong local roots often provided unparalleled access to both depositors and growing small and medium-sized businesses, on which the regional banks tend to concentrate.

Together, that could spell big profits, especially for regional banks in the richest parts of northern Italy, such as Lombardy, Emilia Romagna and the Veneto.

Combined with relatively low staffing costs and good management, many northern regional banks have gained a cachet that this month's price tags are beginning to show.

REGIONAL BANK TAKEOVERS

	Branches
Banca Popolare di Lecco	89
Banco San Geminiano e San Prospero	106
Credito Commerciale*	110
Cassa di Risparmio di Bologna	110

*30 branches being sold back to parent company

Varta may pass dividend

By Christopher Parkes in Frankfurt

Varta, the German battery manufacturer, may omit its dividend this year, Mr Erhard Schipporeit, chairman, warned yesterday. The company is also considering plant closures but no decisions have been made.

The company, which paid a DM10 dividend last year, blamed increased competition, industry-wide overcapacity and currency upheavals for a "considerable fall in profits".

Markets had already been warned of a reduced payout after Varta announced a 75 per cent decline in net earnings to DM5m ($2.9m) for the first six months of 1993.

Turnover had fallen 8 per cent to DM1.56bn in the nine months to end-September, Mr Schipporeit said. The group had reduced its workforce by 6 per cent in the period to less than 14,000 and the cuts would continue next year, he added.

Earlier this year Varta announced plans to reduce vehicle starter battery capacity.

Air Liquide confident

By John Ridding in Paris

Air Liquide, the French industrial gases group, should achieve net profits for 1993 similar to the FFr2.2bn ($372m) recorded in 1992, according to Mr Edouard de Royere, the company's chairman.

In a French press interview yesterday, Mr de Royere said he was unable to give any forecasts for next year as the company's subsidiaries have not yet set their targets. But he said that steps had been taken to ensure profitability.

Mr de Royere said the group was in a position to expand and was ready "to seize the opportunities of acquisitions". He added that the group has the financial resources to be aggressive and the experience to take "controlled risks".

At the end of last year it had net debts of about FFr4bn and a debt to equity ratio of 20 per cent. The company said that gearing had been reduced during the current year.

Mr de Royere cited China as an area of geographical expansion.

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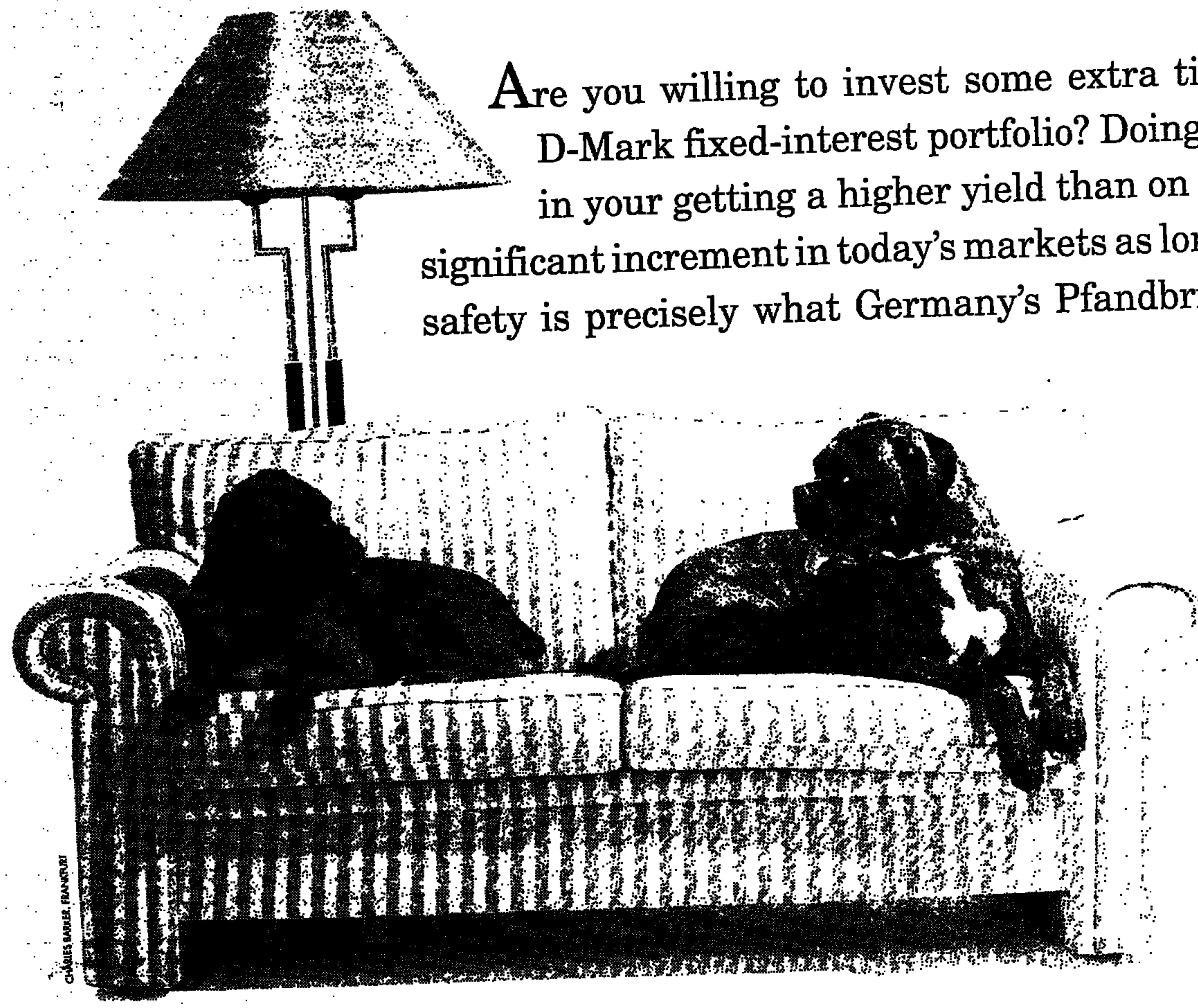
THE GERMAN PFANDBRIEF

SOLID VALUE FROM THE GROUND UP



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Thanks to these and other requirements, no investor has ever failed to receive 100% repayment on a German Pfandbrief held to maturity. Good reasons why Pfandbriefe, at DM 832 billion at year-end 1992, amounted to about 40 % of the entire fixed-interest securities market in Germany. Of this total, the nation's 26 private mortgage banks accounted for over 60 %. More bite in your D-Mark portfolio is what you get with German Pfandbriefe.

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GERMANY'S MORTGAGE BANKS

DEPFA-BANK, WIESBADEN
BAYERISCHE VEREINSBANK AG, MÜNCHEN
HYPO-BANK, MÜNCHEN
DEUTSCHE HYPOTHEKENBANK FRANKFURT AG, FRANKFURT
RHEINHYP, FRANKFURT
DEUTSCHE GENOSSENSCHAFTS-HYPOTHEKENBANK AG, HAMBURG
FRANKFURTER HYPOTHEKENBANK AG, FRANKFURT
DEUTSCHE CENTRALBODENKREDIT-AG, KÖLN
BAYERISCHE HANDELSBANK AG, MÜNCHEN

WESTHYP, DORTMUND
BERLIN HYP, BERLIN
SÜDDEUTSCHE BODENCREDITBANK AG, MÜNCHEN
MÜNCHENER HYPOTHEKENBANK EG, MÜNCHEN
HAMBURGHYP, HAMBURG
WÜRTTEMBERGER HYPO, STUTTGART
NÜRNBERGHYP, NÜRNBERG
HYPOTHEKENBANK IN ESSEN AG, ESSEN
DEUTSCHE HYPOTHEKENBANK (ACT.-GES.), HANNOVER

BRAUNSCHWEIG-HANNOVERSCHE HYPOTHEKENBANK AG, HANNOVER
ALLGEMEINE HYPOTHEKEN BANK AG, FRANKFURT
RHEINBODEN HYPOTHEKENBANK AG, KÖLN
LÜBECKER HYPOTHEKENBANK AG, LÜBECK
NORDHYPO BANK, HAMBURG
BFG-HYPOTHEKENBANK AG, FRANKFURT
WL-BANK, MÜNSTER
HYPOTHEKENBANK IN BERLIN AG, BERLIN

Mexico proves magnet to foreign insurers

Growth and a poor domestic service is attracting US and European investors, writes Damian Fraser

US and European investors are manoeuvring swiftly to take stakes in Mexico's fledgling insurance sector. They are drawn by a market that has been ill-served by domestic companies and is growing rapidly as the country's incomes rise and inflation stabilises.

In the past three years the US's Aetna, Metropolitan Life, New York Life Insurance Company, and Principal Financial Group, Grupo Santander of Spain, and Commercial Union of the UK, among others, have taken up to the maximum permitted 49 per cent stake in Mexican insurance companies.

In all, some 13 foreign insurers are minority owners of Mexican insurance companies.

Asemex, the insurance group recently privatised for $582m, is looking for a foreign partner, according to Mr Angel Rodriguez, the new company president. The insurance company and Mr Rodriguez's financial group, Mexival-Banpais, then plan to make a public offering on the New York Stock Exchange.

Foreign insurers hope to bring to their Mexican counterparts capital, technology, and global distribution. The Mexicans, meanwhile, will contribute knowledge of the local market. Foreign companies generally have better distribution systems, financial management and product development skills than Mexican insurers, says Mr Bill Poortvliet, executive vice-president of Metropolitan Life.

But is there sufficient room for all the foreign companies seeking a stake in Mexican companies? While profit margins are high, many Mexican insurers have high costs, and may be unprepared for competition.

"We expect some consolidation," says Mr Poortvliet, whose company joined last year with Santander to take a 49 per cent stake in Genesis, a new Mexican life insurance company. "Not every company is going to be a winner."

The North American Free Trade Agreement will intensify competition by fully opening up the sector to US and Canadian insurance companies. Under the treaty, US or Canadian companies with at least 10 per cent of shares in an Mexican insurance company can increase their holdings to 100 per cent by 1996. Other companies will have to wait until the year 2000. Mexico's foreign investment law will permit up to 49 per cent investment in Mexican insurers for non-US and Canadian companies.

There are also doubts as to whether foreigners are prepared for doing business in Mexico, and ready to join forces with Mexican partners.

INSURERS FORGING MEXICAN LINKS

Foreign Partner	Mexican Partner	Transaction
Aetna Life Insurance	Seguros Monterrey	Participate in fast growing Mexican market, joint venture, 30% stake
Chubb	Grupo Marnhos Equitativa	Greenfield investment to follow customers to Mexico, 30% stake in Equitativa
Reliance Group	Protección Mutua	Bought 30% stake in Protección Mutua
Commercial Union	Seguros La Republica	Build domestic Mexican presence, 44.3 % stake
Cigna	Seguros Progreso	Purchased 49% to write domestic business
New York Life	Olmeca	Purchased 30% stake in Olmeca to participate in the Mexican life business
Metropolitan Life/Santander	Genesis	Santander sold half of its 49% participation to Met Life
Liberty Mutual	Nacional Provincial	Strategic alliance, Liberty provides loss prevention services
Generali	Anglomexicana	Holds 49% stake
Mapfre	Seguros Tepeyac	Holds 48% stake
Zurich International	Seguros Chapultepec	Holds 30% interest
A.G.F.	Aseguradora Territorial	Holds 32.5% stake
Adriatica	Aseguradora Cuauhtemoc	Holds 20% stake
N Y Life	Colmena	

Source: J P Morgan

Commercial Union, the UK insurer, this year wrote off its 44.3 per cent stake in Seguros La Republica after several executives defrauded the company, and the UK insurer refused to inject more capital.

CU complained at the time that regulation in Mexico's insurance industry was insufficiently advanced, and warned other companies to pick their partners with caution, and conduct extensive due diligence.

The foreigners nevertheless keep coming, attracted by an under-developed market. The average Mexican only spends about $55 a year on insurance, while insurance premiums account for just 1.5 per cent of Mexico's GDP, against 3 per cent in Chile, and 8.8 per cent in the US.

Investors tend to dismiss cultural explanations – such as Mexicans' tolerance of risk and a somewhat fatalist attitude to death – for such low insurance penetration. Instead, they blame Mexico's economic crisis in the 1980s.

Mexico's wages fell 40 per cent between 1982 and 1990, leaving little money for insurance policies. Inflation was high throughout the decade, playing havoc with calculations of the future value of life insurance coverage, and reducing the incentive to save through such schemes.

Insurance companies are now convinced the conditions are present for a sharp increase in the market. Mexico's inflation is down to single digits; incomes have been steadily, if unspectacularly, rising; and the savings rate is picking up.

This should bode particularly well for life insurance, which comprises just one-third of the total Mexican insurance market, a much lower proportion than that in other countries: only 2 per cent of Mexicans own a life insurance policy. However, the sector is now growing fast, posting an average 28 per cent a year gain in dollar terms since 1987.

The government's new state-sponsored individual pension scheme should increase savings, and further boost the life industry. Mr Palden Namgyal, vice-president of JP Morgan, which has advised on several insurance transactions in Mexico, reckons that life insurance companies will play an important part in managing savings generated by the retirement scheme.

The extension of credit – for the first time in a decade – is having a beneficial impact, by increasing the number of first-time car and house owners, and generating demand for car and property insurance. Banks in Mexico generally demand insurance policies as a condition for lending money.

The question hanging over the new insurance companies is whether they and their partners are the best equiped to meet the explosive demand all participants predict.

Mexico's growing financial and industrial integration with the US is likely to ensure that profit margins in the industry eventually fall to levels in the US, and that, over the long term, only the most efficient companies will survive.

Noranda reduces forestry stake

By Bernard Simon in Toronto

Noranda, the resources group controlled by Toronto's Bronfman family, is further reducing its exposure to the forest products sector by cutting its stake in Noranda Forest, its pulp and paper subsidiary.

Noranda is to sell 12m of its Noranda Forest shares to a group of underwriters, which will re-sell them to the public at a price of C$12 each, or a total of C$144m (US$110.8m). The underwriting group is led by Gordon Capital of Toronto.

The deal will reduce Noranda's equity stake in the forestry company from 83 per cent to 74 per cent.

The proceeds are most likely to be used to finance an expansion of Noranda's mining and metals business. "The opportunities at this point do seem to be on the metals side," Noranda said yesterday.

Mr Jonathan Challis, analyst at ScotiaMcLeod, said yesterday the funds would probably be earmarked for Falconbridge, the nickel producer 50 per cent-owned by Noranda. Falconbridge is expected to exercise a pre-emptive right to increase its one-third interest in the Collahuasi copper project in Chile.

Billiton, the European metals group, has indicated its willingness to sell its one-third stake in Collahuasi. The remaining one third is held by Minorco, the South African-controlled mining group.

Noranda said funds were also required for the Louvicourt copper mine, currently under construction in Quebec. The company is also considering an entry into magnesium production.

Noranda and its subsidiaries have spun off several assets in an effort to bolster cash-flow without taking on new debt. Sagging metal and forest products prices have created a shortfall in recent years between cash from operations and financing requirements for capital projects and dividends.

Earlier this year, Noranda Forest sold its controlling interest in MacMillan Bloedel, the west coast forest products group. It has also sold its stake in a British Columbia paper mill.

However, Mr Challis said he expected a marked improvement in Noranda's cash-flows over the next year, thanks to the recent strength of natural gas prices and brighter prospects in some other commodity markets.

India begins bank sale with public offering

THE State Bank of India, the country's largest bank, is to launch a Rs22.4bn ($713m) equity and bond flotation on December 15 as a first step to its privatisation, writes R.C. Murthy in Bombay.

Mr D. Basu, chairman, says a Rs12.4bn share issue will reduce the state's stake to around 68.8 per cent from 98.2 per cent. The bank will also offer floating-rate bonds worth Rs10bn.

The shares will be offered at Rs100, against the market price of Rs240, and foreign institutions will be given an opportunity to buy into the bank.

The SBI is the first among 26 state-owned banks to offer equity to the public.

Magna expands auto parts side in Europe

By Bernard Simon

Canada's Magna International is expanding its European automotive parts interests with an agreement to buy a 74 per cent stake in Zipperle, a German-based maker of mirrors, from Porsche Austria.

The Zipperle acquisition is part of a strategy by Magna to forge closer links with European carmakers, partly with an eye to supplying new North American assembly plants being built by BMW and Mercedes Benz.

Magna, which declined to provide details of the deal, said it would work with Porsche to expand Zipperle's business. Zipperle has annual sales of about C$150m (US$115.4m).

The Canadian company already has interests in several European parts factories. It recently bought a 12.5 per cent stake in Kolbenschmidt of Germany, as well as a controlling stake in a Kolbenschmidt unit which makes airbags and steering wheels.

The company is also keen to expand exchanges of know-how between its North American and European operations. Several of its senior managers have European roots.

● Air Canada and rival Canadian Airlines have called in Mr Stanley Hartt, a lawyer, to mediate in their dispute over ownership of the Gemini computer reservations system.

Air Canada has been blocking Canadian Air's departure from the system through the courts.

Deal values Donaldson Lufkin & Jenrette at $1.3bn

Equitable to inject $800m into life insurance arm

By Richard Waters in New York

Equitable, the US insurer, plans to inject $800m into its US life insurance company before the end of the year in a deal which values its broking arm, Donaldson Lufkin & Jenrette (DLJ), at $1.3bn.

The transaction is part of a move by Equitable to boost the capital of Equitable Life Assurance Society of the US before the year-end, when risk-based capital rules will come into force for the first time for all US insurers.

Equitable said it will buy 61 per cent of DLJ from its life insurance subsidiary with the proceeds from a new $304m debt issue launched yesterday, together with around $500m of cash and other liquid assets.

The $1.3bn valuation of DLJ implied by the deal, which Equitable said had been arrived at through an independent valuation, is slightly ahead of most market estimates, which had put the broker's worth at around $1bn. The transaction will allow the life assurance company to revalue its remaining 39 per cent holding, boosting its capital position.

The deal will remove a large part of the DLJ equity holding from the life company's balance sheet, which would otherwise have attracted a high capital charge under the new regulatory rules, according to Ms Shelley Harris, an analyst at Standard & Poor's, the US rating agency.

She added, though, that the DLJ valuation was already factored into the company's A-plus rating for claims-paying ability, and the deal made little difference to the life company's efforts to regain a double-A rating.

Equitable had said in May it planned to put a value on DLJ, the institutional broking firm which it bought for $430m cash in 1984.

The move to revalue the subsidiary in this way, rather than partially float it, does not alter Equitable's intention to take the broker public, though the urgency to do so is reduced.

The brokers' founders include Mr Richard Jenrette, now chairman of Equitable, and former New York Stock Exchange chairman Mr William Donaldson.

The group's US life insurance company, which has been suffering from the effects of 1980s investments in real estate and junk bonds, had capital of $2.46bn at the end of September under statutory accounting rules.

Equitable would not say to what extent the subsidiary's capital base would be improved by the deal.

The $304m of debt issue yesterday will be loaned to a special trust, which will use the money to buy preferred stock in Equitable convertible into ordinary shares after July 22 1994.

Premium income falls at leading Japanese insurers

By Emiko Terazono in Tokyo

Premium income at Japan's leading life insurance companies declined during the six months ended September, the first half-year decline ever recorded by the industry.

Combined premiums fell 1.5 per cent to Y10,647.3bn, ($97.9bn). The life companies, however, managed to post higher unrealised profits on stock holdings for the period. These rose 8.1 per cent.

The value on stock holdings at the eight life companies rose by 52.3 per cent compared with figures at the end of March, to Y12,800bn.

Returns on asset investment rose 7.1 per cent due to sales of securities worth Y280.8bn. Life companies increased their disposals of shares in order to cover for weak investment returns following the decline in interest rates.

The fall in Japanese share prices has hit the life industry hard, although unrealised profits on share holdings have acted as a buffer against losses on high-risk investments.

However, some of the larger companies yesterday said they would begin to increase securities investments during the current six months. Now was a good time to buy, they said. Nippon Life and Sumitomo Life said they would be committing more funds to the Tokyo stock market.

Although combined bad loans were 1 per cent lower at Y400bn, the worsening economy increased bad loans at some life companies. The industry is likely to raise premiums next April for the second consecutive year, while cutting dividends on new policies for the fourth year in a row.

Nippon Life, the industry leader, saw a 7.8 per cent rise in total assets to Y33,259.8bn. Policy payments rose 7.4 per cent to Y1,415.3bn while latent profits on stocks rose 88 per cent from the previous year to Y4,489.9bn.

Dai-Ichi Life more than doubled its unrealised profits on stocks to Y2,345.1bn while Sumitomo Life increased its latent profits by 5.2 times to Y1,014.8bn.

Aerolíneas needs $200m to avoid collapse, says Iberia

By John Barham in Buenos Aires

AEROLINEAS Argentinas, the troubled carrier operated by Spain's Iberia, will be allowed to collapse unless the Argentine government injects about $200m into the semi-privatised airline, a senior Iberia executive has warned.

Juan Saez, Iberia executive vice president, said in an interview at the weekend that without fresh funds, "the company will be dissolved. As simple as that. It is not a political problem, it is a reality. Our pockets are empty".

His remarks substantially raise the stakes in negotiations with the government over the loss-making company's future. Iberia maintains that the airline needs fresh funds to finance a government-mandated investment programme and rebuild its balance sheet.

The government, which holds 43 per cent of Aerolíneas, has refused to contribute to a planned $450m capital injection for Aerolíneas. Iberia owns 30 per cent of the airline.

Mr Saez warned that without this support, Aerolineas would run out of cash in "two or three months" at the end of the busy holiday season.

"When the low season comes and it needs money, there is no bank that will lend to it. And then if it cannot pay for fuel, wages or landing rights in New York, then it will collapse."

Mr Saez recognised that if this were to happen, it "will have cost us $1bn".

He said Iberia has "been injecting some $20m a month for current spending and today the money has run out".

No government official was available for comment. However, the government is understood to be looking for Argentine investors to take its place.

Aerolíneas has lost over $300m since an Iberia-led consortium paid $1.87bn in a cash and debt for equity swap for 85 per cent of the airline in 1990.

But last year the government had to take back 28 per cent of the company to avoid its collapse, following the withdrawal of Iberia's insolvent Argentine partners.

The government now owns 33 per cent of the airline plus a further 10 per cent held in trust for employees. The remainder is held by Spanish and Argentine banks and investors.

News Corp forces the super-share issue at ASX

Nikki Tait looks at Rupert Murdoch's plan for a new class of stock with stronger rights

Super shares became a hotbed of controversy after Mr Rupert Murdoch announced in September that his media group News Corporation would seek to introduce them.

But differential voting rights do not feature in Australia, and the move requires a change to Australian Stock Exchange (ASX) listing rules. Critics fear such schemes would be used to entrench management positions.

The potential problem for the ASX is that News Corporation – the second largest company, in terms of share turnover, on the exchange – could move its listing overseas if its wishes are not accommodated. The most frequently mooted alternative is the New York Stock Exchange (NYSE).

The strength of this threat has also been debated. Yesterday, the Australian Investment Managers Group (AIMG) said it understood, from informal talks, that NYSE rules would not allow News Corporation to move and then introduce super-voting shares, if ASX rules continued to forbid this.

However, "if News Corp were to put its proposal in place, be delisted in Australia, and then go to the NYSE with the arrangements already in place when seeking domestic US listing, the NYSE seems likely to list on the basis that the arrangement is already in place."

The AIMG comments came as the deadline for the submission of views to the ASX on the super-share issue was reached. But the exchange said it would accept some late submissions, including those from the London Stock Exchange and the Business Council of Australia. The BCA has asked for a December 9 deadline.

But the late arrival of some comments calls further into question the timetable for a decision. Already, a parliamentary committee and the Attorney-General have suggested that more time should be allowed to debate all the implications of differential voting rights. The Australian Securities Commission will also wants to review the implications of any change for company law – especially in terms of takeover rules.

According to the ASX, however, News Corporation is seeking a speedy decision. "We have one company with tight deadlines. I understand that News Corp has commercial opportunities open to it," said Mr Ray Shoer, the national director, companies.

He said December 21 was the earliest possible date for a decision, but the timing should become clearer after the meeting between the chairman of the ASX and the Attorney-General later this week.

Ironically, News Corporation was among those parties which failed to deliver a submission by yesterday's deadline.

"I think the Thanksgiving holiday made them late – we're expecting it at any minute," said the ASX. No one was available to comment at News Corporation.

The Australian Mutual Provident, the country's largest life company and owner of the Pearl Assurance in the UK, also expressed its support for the AIMG's stance – the first time it has spoken out separately on the issue.

"There is no benefit to shareholders in departing from the principle of one share, one vote. The reputation of the Australian market has improved significantly and it is important that our reputation and integrity be maintained and fostered," it said.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

UK hour period ending	[illegible]	[illegible]	[illegible]
0030	18.29	19.23	19.23
0100	23.79	24.90	29.57
0130	24.62	24.90	29.57
0200	24.62	24.90	29.57
0230	24.62	24.90	29.57
0300	24.62	24.90	29.57
0330	24.62	24.90	29.57
0400	24.62	18.45	18.49
0430	24.62	18.11	18.11
0500	18.26	18.11	18.11
0530	22.74	20.62	22.79
0600	23.74	18.24	18.24
0630	23.74	24.15	28.12
0700	23.74	24.67	26.84
0730	24.41	25.04	27.01
0800	24.41	28.44	28.41
0830	24.42	28.44	28.41
0900	24.43	29.94	31.92
0930	31.12	29.94	31.92
1000	31.12	29.94	31.92
1030	31.13	29.94	31.92
1100	28.19	28.44	28.41
1130	28.19	28.44	28.41
1200	28.19	29.14	31.11
1230	24.86	29.14	31.11
1300	24.85	29.14	31.11
1330	24.86	28.44	28.41
1400	24.85	25.67	27.84
1430	24.62	25.67	27.84
1500	24.86	25.67	27.84
1530	24.86	25.67	27.84
1600	29.01	23.86	27.85
1630	38.51	33.25	35.42
1700	54.72	40.65	44.14
1730	57.10	51.64	55.47
1800	46.77	51.64	55.13
1830	31.04	30.84	38.36
1900	27.87	32.99	35.06
1930	26.11	29.15	31.14
2000	26.04	27.82	29.79
2030	23.95	27.42	29.39
2100	23.95	25.04	27.01
2130	23.95	27.20	29.17
2200	23.95	24.67	26.64
2230	23.95	24.65	26.63
2300	23.74	24.65	26.63
2330	18.22	18.18	18.18
2400	18.13	18.06	18.08

[illegible]

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New head of finance appointed at Qantas

By Nikki Tait in Sydney

Qantas, the government-controlled Australian airline in which British Airways holds a minority stake, yesterday announced that Mr Gary Toomey had been appointed chief financial officer with effect from December 1.

He will also be appointed a director, filling one of two vacant positions on the board, where British Airways holds three seats.

Mr Toomey's appointment follows the departure of Mr Graham Jones, former finance director, who resigned in September after only 11 months with Qantas.

According to industry sources, Mr Jones "felt he could not make the required commitment to Qantas to stay on for at a further three to five years, encompassing the float and consequent bedding-down process".

The government plans to sell its remaining holding in Qantas, although this step has now been pushed back to 1995.

Mr Toomey's appointment is the latest in a series of senior management changes at Qantas. It means that all three top executive positions are now held by people previously connected with Australian Airlines, the large domestic carrier which merged with Qantas last year.

Mr Toomey was chief financial executive of Australian from 1987 to 1992, when he moved to become chief financial officer of Arnotts, the food group. Aged 38, he is an accountant by training, having worked in the 1970s for Peat Marwick Mitchell and Parkhill, Lithgow and Gibson.

Indocement falls to Rp231.9bn

Indocement, Indonesia's dominant cement producer and largest listed company, yesterday reported net profits of Rp231.91bn ($110m) for the nine months to end-September, compared with Rp252.36bn a year ago, writes Our Financial Staff.

Slow progress towards recovery

Nikki Tait assesses a mixed series of results from Australia's banks

It has been a mixed results season for the Australian banking sector. Red ink has been conspicuous by its absence, a sharp and welcome contrast to the situation a year ago. Interest spreads have generally improved and the benefits of cost-cutting are starting to show.

But the earnings reports have failed to answer questions about the pace at which asset quality is improving, especially on the property front, or about the lacklustre state of the business credit market.

Among the three big banks with September year-ends, National Australia Bank (NAB) and Australia and New Zealand Banking Corporation (ANZ) both did better than many industry analysts had predicted.

NAB's results were especially glowing, with profits bounding over the A$1bn (US$663m) barrier. This puts the Melbourne-based institution in a select class of Australian companies; in the past, only Broken Hill Proprietary, the steel and resource group, has qualified as a billion-dollar earner.

Conversely, Westpac disappointed. Restructuring costs featured far more prominently than at ANZ or NAB, and led to a A$325.9m charge for abnormal items. After taking account of that, the bank was left with a slender net profit of A$39.2m.

The nation's smaller institutions, meanwhile, turned in creditable performances for the most part – or at least produced few unpleasant surprises.

On the plus side, all three big banks could boast an improvement in asset quality and a decline in bad debt provisions, although in some cases the picture is still far from pretty.

At NAB, gross non-accrual loans fell from A$3.36bn to A$3.15bn, while the charge to profit for doubtful debts was cut by a third to A$604.2m. At Westpac, non-accrual loans were down from A$3.57bn to A$3bn, while the charge for bad and doubtful debts was 46.1 per cent of the previous year's figure at A$1.29bn.

But neither analysts nor the banks suggest that the going is about to ease.

Westpac, for example, noted that "the trend in charges for bad and doubtful debts will depend on whether there is a sustained improvement in economic conditions affecting... customers," adding that conditions in the commercial property market would be "particularly important".

Here, the prognosis is equivocal. Most lenders and agents report some upturn in sales activity. But they warn that the improvement is patchy, both by area and type of property; that some of the larger markets are still heavily oversupplied; and that prices are only just stabilising.

One analyst also points out that the big banks have generally found it easier to offload relatively small property-related assets, and that large blocks of their portfolios remain illiquid. This, he suggests, is a problem of particular significance to Westpac.

AUSTRALIAN BANKS 1992-93
Profit after tax but before abnormals (A$m)

	Year to 31.9.93	Year to 31.9.92	Capital ratio 1993	Capital ratio 1992
ANZ	469.7	578.1	10.8%	9.0%
Nat Australia Bank	1,070.1	801.7	11.1%	11.8%
Westpac	385.1	2,038.1	12.3%	9.7%

Commonwealth Bank has a June year-end. Source: Company reports

Meanwhile, on the lending side, the only significant growth came in the housing-related area.

Falling mortgage rates, coupled with expectations of an improving economy, have led to a surge in interest from potential house-buyers.

According to one survey released this week, 76 per cent of Australians reckon that this is a good time to buy a home. The problem for the lenders is that everyone is eyeing the same opportunity, and mortgage price competition is intense.

Demand for business credit, by contrast, remains muted and corporate investment levels are extremely weak. "The business community continues to give priority to further rationalisation of operations and achievement of efficiency improvements... total business credit actually contracted over the past 12 months," noted Mr John Gough, chairman of ANZ. Macquarie Bank, a more specialised institution, said that "in lending to the top end of the corporate sector, margins are being cut to the bone".

Inevitably, as the banks have concentrated on riding out the recession, cutting costs and resolving past problems, they have been inward-looking. Only NAB is thought to be in a position to consider significant expansionary moves. Here, there has been speculation that the bank may add a US operation to the clutch of interests owned in the UK, Ireland and New Zealand.

"I think an acquisition is very live and, internally, they're quite keen," says Mr Craig Turton, analyst at Pru-Bache. The caveat, he adds, is whether opportunities in the US have become less attractive following the recent wave of consolidations there, and the emergence of the "super-regionals".

NEWS IN BRIEF

Honda and Mitsubishi in parts pact

In a sign of the cost-cutting pressure on Japanese carmakers, Honda Motor said it would sell an important component for the first time to a rival domestic carmaker, Mitsubishi Motors, AP-DJ reports from Tokyo.

Spokesmen for both companies said Honda would sell driveshafts for use in front-wheel-drive cars to Mitsubishi.

The purchase marks another shift in the traditional Japanese car industry practice of purchasing supplies mainly from companies in the same "keiretsu", or industrial grouping.

Chinese group to raise HK$262m

Shenzhen China Bicycle is launching a rights issue of 32.34m B shares to raise HK$262m (US$34m), Reuter reports from Hong Kong.

The group is offering one rights share at HK$8.10 a share for every five B shares, which are aimed at foreign investors. It also plans a rights issue of 21m domestically-held A shares to raise Yn182m (US$31.2m).

Net proceeds from both issues, underwritten by Standard Chartered Asia, will be used to finance business in China.

Gencor chief cool on prospects for Billiton deal

By Kenneth Gooding, Mining Correspondent

A decision about the deal that would transform Gencor, the South African resources group, into one of the world's biggest international mining and metals businesses, will be made before the end of the year, but there is a "less than 50 per cent chance" that it will go ahead, according to the group's chairman, Mr Brian Gilbertson.

Gencor announced in May that it wanted to buy most of Billiton, the mining and metals operations within the Royal Dutch/Shell group – assets with a book value of $1.8bn. Mr Gilbertson makes clear that the price being asked is the key issue. He says: "It is not in our interest to buy assets that are fully valued. We have to buy assets to which we can add value. Billiton has to offer us a good return."

Billiton is heavily involved in the aluminium industry and Mr Gilbertson says that negotiations have been complicated by the fact that a view has to be taken about aluminium prices, which are close to their all-time low in real terms.

Gencor's 40 per cent-owned Alusaf associate is spending $2bn to build a 450,000-tonnes-a-year aluminium smelter in Richards Bay, South Africa. If this could be combined with Billiton's upstream operations, which produce bauxite and alumina (the raw materials for aluminium), a world-class business would emerge, ranking about fifth in the western world.

Mr Gilbertson is enthusiastic about prospects for aluminium – he suggests the underlying annual growth in demand is between 2 per cent and 3 per cent. "Remember the aluminium business is bigger than gold and to have a big stake in a business like that is attractive. And our best judgment is that it would be a very cost-competitive business, particularly when the price turns up," he says. But a combination of Alusaf and Billiton would be by far the biggest part of Gencor, and it might want to take on a partner to share the risks.

It has taken longer than expected to disentangle the Billiton assets from those of other Shell companies and to carry out an extensive "due-diligence" survey, reports on which are now being drawn up. But Gencor has also used the time to sound out companies which have pre-emptive rights to some of Billiton's most desirable assets. Mr Gilbertson says that this will stop the pre-emptive process being long and drawn out. He expects some pre-emption – analysts suggest Minorco is likely to take up the rights to the Collahuasi copper project in Chile – but says this would not kill the deal with Shell.

Mr Gilbertson, on his annual visit to London to meet UK investors, says that if the Billiton deal fell through it would be a big setback to Gencor's international ambitions. But Gencor is regularly offered mining and metals investment opportunities, and has net cash of more than R500m ($148.8m), should the right one present itself.

Long gilts climb as traders digest falling oil prices

By Conner Middelmann and Patrick Harverson in New York

European government bonds were little changed in thin trade ahead of today's UK Budget and the Bundesbank's announcement of its latest round of securities repurchase agreements.

UK gilts had a mixed day as traders prepared for today's Budget and the Bank of England's gilts auction announcement.

The long end of the yield curve put on the strongest performance, underpinned partly by the continuing decline in oil prices. London futures for Brent crude oil fell below $14 per barrel for the first time in five years following Opec's decision not to cut output quotas.

"This is a further factor indicating that inflationary pressures will stay subdued through 1994," said Mr Chris Anthony, gilts analyst at UBS.

The 10-year sector was overshadowed by next Wednesday's gilts auction. The Bank of England will announce the terms and amount of the auction at 3.30pm today. Most dealers are betting on another £3bn-£3.25bn of the 6¾ per cent gilts due 2004.

GOVERNMENT BONDS

"That would add liquidity to the issue, which should become next year's 10-year benchmark," said one gilts trader.

The long gilt futures contract ended at 116$\frac{1}{32}$, up $\frac{3}{32}$ point.

■ German government bonds erased their early gains to end broadly unchanged on the day. The December bund contract on Liffe closed at 99.97, up 0.05 point from Friday but off its intra-day high at 100.17.

Prices were underpinned early by firmness in the US Treasuries market, but late profit-taking in the futures pits dragged bunds lower into the close.

Following the Bundesbank's fixed-rate repo at 6.25 per cent last week, some dealers expect another fixed-rate repo at the same rate today to dampen easing speculation ahead of Thursday's council meeting as a variable-rate tender might tempt banks to test for a lower repo rate.

However, others argued that recent tight money market conditions, which necessitated the injection of extra liquidity via two-day repos yesterday, might mean the repo rate would remain close to 6.25 per cent even if bidding was at variable rates.

■ The rally in longer-dated US Treasury securities continued yesterday morning, as further declines in oil prices offset fresh evidence of a stronger economy.

By midday, the benchmark 30-year government bond was up ¾ at 100¾, yielding 6.189 per cent. At the short end of the market, the two-year note was unchanged at 100$\frac{1}{32}$, to yield 4.135 per cent.

Prices firmed from the start at the long end of the market, thanks to another big decline in oil prices.

They have been falling since last week, when Opec failed to reach an agreement on production cuts. This, and along with declines in other commodities, have helped spark a much-needed rally in bonds.

If it were not for falling oil prices, the market probably would have reacted badly to yesterday's news that existing home sales rose 3.6 per cent in October, a stronger-than-expected reading from the housing market.

■ French bonds outperformed bunds in quiet trading, boosted by the continuing appreciation of the franc, which hit its highest level against the D-Mark since the August 2 revamp of Europe's exchange rate mechanism.

Despite the franc's strength, the Bank of France left its 6.45 per cent intervention rate unchanged at its latest repo operation, and is expected to refrain from easing key interest rates until the Bundesbank moves again.

■ Japanese government bonds posted more gains following yet another slide in stock prices. The March JGB contract rose 0.22 point to 115.12.

Sentiment was slightly dampened by supply worries ahead of today's JGB auction, and fears that some banks may offload bond positions ahead of the year end to make up for losses incurred in the stock market.

However, in the longer term, "the outlook is still very bullish for Japanese bonds," said Mr Stuart Thomson, senior economist with Nikko Europe.

He expects the yield on the benchmark bond to fall to 2.75 per cent by next June from some 3.45 per cent currently.

Budget watchers await lead from PSBR forecast

By Sara Webb

When Mr Kenneth Clarke, UK chancellor of the exchequer, stands up to deliver his Budget speech this afternoon, the UK government bond market will be waiting to see if he lowers the government's previous forecasts for the public sector borrowing requirement (PSBR) for 1993-94 and the following year, thereby reducing the amount of borrowing needed in the gilt market.

By most estimates, the Bank of England is ahead of schedule with the funding programme. Back in the March Budget, Mr Norman Lamont, then chancellor, forecast a PSBR of £50bn ($74.5bn) for 1993-94. Eight months into the financial year, the Bank has completed about £43bn of gilt funding. This calculation takes into account the second and third instalments of partly-paid stocks issued in the previous financial year (1992-93), but does not include last year's overfunding, estimated by some City institutional economists to be about £5bn.

So, on its original calculation of a £50bn PSBR, the government only has a further £7bn of gilt issuance to come, the equivalent of two or three gilt auctions.

However, according to City economists, this year's PSBR is more likely to be in the region of between £45bn and £48bn, helped by a faster-than-expected economic recovery and lower debt-servicing costs.

On that calculation, the Bank would only need one or two more auctions, perhaps supplemented with some tap issues. Last Friday, the Bank said it would hold an auction on December 8, which the market expects to raise about £3bn.

After that, it seems likely that the Bank will take advantage of bullish market conditions to issue partly-paid stock in January and February, with the second and third payment instalments falling in the following (1994-95) financial year.

By the same token, the Bank would not need to include the 1992-93 overfund in this year's calculation, and may prefer to carry that over for another year, especially if conditions in the gilt market become more difficult.

Much of the funding this year has been in the five-to-10 year maturity range, where there has been strong demand from overseas investors who can borrow cheaply to fund purchases of medium and long-dated gilts.

With the shift in the gilt yield curve to a positive slope after sterling's exit from the European exchange rate mechanism paved the way for more dramatic cuts in the base rate, some economists point out that the Bank should have issued more stock at the short end as a means of reducing the government's borrowing costs.

Hungarian bank steals limelight with DM1bn offering

By Antonia Sharpe

The National Bank of Hungary had the stage to itself yesterday when it raised DM1bn through an offering of 10-year Eurobonds, its third DM1bn Eurobond issue this year.

The bonds, via Commerzbank, were priced to yield 223 basis points over the German government's 6 per cent bund due 2003, broadly in line with the spread in the secondary market on Hungary's DM1bn issue of 10-year Eurobonds, launched in August.

Syndicate managers said the pricing reflected the market's improved perception of Hungary, since last year it was paying a yield spread of more than 300 basis points over bunds.

The bonds were targeted mainly at German retail investors, among whom Hungary has a wide following. However, lead manager Commerzbank said the yield pick-up on the bonds also attracted institutional demand from the Benelux countries and the UK.

The bonds, which had a recommended re-offer price of 99.55, slipped to 99.10 bid in the late afternoon. Some traders blamed the fall on signs that the lead manager was selling the bonds below the recommended level.

INTERNATIONAL BONDS

Yesterday's other notable issue was a $115m offering of four-year Eurobonds from Eurofima, the Swiss-based rolling-stock financing organisation. The proceeds were swapped into floating-rate Swedish kronor.

A number of borrowers are scheduled to tap the Eurobond market before it closes down for Christmas.

The International Finance Corporation, which completed its $200m buy-back of old Eurobonds last week at an average spread of 14 to 15 basis points over US Treasuries, is due to launch a $500m offering of five-year Eurobonds today.

The offering, via Deutsche Bank and Mitsubishi Finance, is expected to be priced to yield between 12 and 13 basis points over US Treasuries.

Depfa, the German mortgage bank, is likely to raise DM1bn through an issue of 10-year Eurobonds in the next few days, via Commerzbank and Morgan Stanley.

The Bank of Greece is expected to raise $500m through an issue of five-year floating rate notes later this week, via CSFB and Salomon Brothers. The notes are likely to yield between 110 and 115 basis points over Libor.

The issue could be the last by the Greek central bank, on behalf of the state. From next year, the Hellenic Republic is expected to tap the international capital markets directly.

The Republic of Argentina is likely to launch its offering of 10-year global bonds towards the end of next week. The deal was originally expected to raise $500m, but the amount could be raised to $750m due to the positive response from investors.

● Banco Bilbao Vizcaya (BBV) will launch Spain's first domestic bond issue linked to a stock index on December 30, Reuters reports from Madrid.

The bond yields will be linked to the IBEX-35 stock index which supports futures and options trading on the Meff exchange. The three-year issue will total Pta10bn.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Bear Stearns Companies‡	200	(a)	100.00R	Dec.1996	0.20R	-	Bear Stearns Intl/ UBS
Eurofima	115	4.875	99.73R	Jan.1998	0.20R	+13 (b)	Nikko Europe
D-MARKS							
National Bank of Hungary	1bn	8.00	101.80	Jan.2004	2.00	-	Commerzbank
YEN							
NTT Data Comms. Systems(c)	10bn	3.30	100.00R	Mar.1999	0.30R	-	Fuji Intl. Finance
GUILDERS							
Deutsche Finance (Neths.)	400	6.00	100.35R	Jan.2004	0.25R	+17.4(6¼-03)	Deutsche Bank de Bary
AUSTRALIAN DOLLARS							
State Bank of South Australia	100	6.50	100.10	Jan.1999	2.00	-	Hambros Bank
ESCUDOS							
European Investment Bank	10bn	8.875	100.50	Dec.1998	1.625	-	EFISA/ Banco Totta

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon pays 3-month Libor + 0.35%. b) Spread is over the interpolated yield curve. c) Short 1st coupon.

Guide to World Currencies

The FT Guide to World Currencies, previously published on Tuesdays, will in future be published on Mondays. In yesterday's paper, it appeared on page 24 in the UK and page 21 overseas. Readers who missed can obtain a copy by fax. To use this service, dial 0891-437 001 from your fax machine. When the FT fax service answers with an electronic tone, press the start button on your machine and hang up the handset. Calls are charged at 36p/minute cheap rate, 48p/minute at other times. The service is available in the UK only.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/02	121.4800	+0.400	6.74	6.85	6.41
Belgium		9.000	03/03	114.7300	-0.020	6.80	6.89	7.11
Canada *		7.500	12/03	104.8500	+0.100	6.85	6.97	6.85
Denmark		8.000	05/03	111.2200	+0.020	6.38	5.84	6.44
France	BTAN	8.500	05/98	109.3500	+0.230	5.30	6.08	6.11
	OAT	6.750	10/03	105.4200	+0.020	6.01	5.96	5.99
Germany		6.000	09/03	101.1000	+0.060	5.85	5.89	5.88
Italy		9.000	10/03	96.0000	-0.500	9.31†	9.40	9.40
Japan	No 119	4.800	06/99	109.6730	+0.670	2.79	2.95	2.98
	No 157-4	4.600	03/03	108.2590	+0.890	3.45	3.50	3.65
Netherlands		6.500	04/03	104.9600	+0.330	5.79	5.82	5.84
Spain		10.500	10/03	112.9000	+0.150	8.51	8.51	8.44
UK Gilts		9.750	01/98	113-03	-	6.07	6.13	6.31
		8.000	06/03	109-03	+1/32	6.69	6.75	6.89
		9.000	10/08	118-26	+13/32	6.95	7.10	7.23
US Treasury *		5.750	08/03	100-10	+16/32	5.71	5.85	5.50
		6.250	08/23	100-23	+32/32	6.20	6.34	5.99
ECU (French Govt)		8.000	04/03	111.7600	+0.160	6.29	6.30	6.38

London closing. *New York mid-day. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	124.24	124.34	+0.22	124.40	124.22	7,487	150,825
Mar	128.06	128.20	+0.26	128.28	128.06	62	50,094
Jun	127.52	127.62	+0.26	127.62	127.50	-	2,654

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Jan	Calls Mar	Calls Jun	Puts Jan	Puts Mar	Puts Jun
125	-	3.36	-	0.04	0.23	0.68
126	2.25	-	-	0.09	0.39	-
127	-	1.84	-	0.23	0.66	-
128	0.72	1.28	-	0.54	1.08	-
129	0.29	0.78	-	-	-	-
130	0.08	0.58	0.67	-	-	-

Est. vol. total, Calls 23,424 Puts 16,830. Previous day's open int., Calls 143,063 Puts 136,928.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	100.06	99.97	+0.05	100.17	99.91	69476	116954
Mar	100.12	100.05	+0.06	100.22	100.00	10271	33798
Jun	100.10	100.00	+0.10	100.10	100.10	346	944

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
10000	0.94	1.15	0.79	1.15
10050	0.61	0.92	1.06	1.42
10100	0.43	0.72	1.38	1.72

Est. vol. total, Calls 4276 Puts 6979. Previous day's open int., Calls 117158 Puts 69965

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	103.01	102.94	-0.05	103.07	102.90	2365	20680
Mar	103.20	103.09	-0.04	103.20	103.16	862	12

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	113.05	112.56	-0.10	113.18	112.37	38047	68961
Mar	113.48	112.92	-0.03	113.48	112.77	18527	41255
Jun	-	112.92	-0.03	-	-	0	1

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11250	2.31	3.29	1.89	2.87
11300	2.06	3.04	2.14	3.12
11350	1.83	2.81	2.41	3.39

Est. vol. total, Calls 968 Puts 464. Previous day's open int., Calls 19088 Puts 18892

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	102.98	102.89	+0.10	103.15	102.88	26,053	77,862
Mar	103.18	103.19	+0.25	103.26	103.10	12,336	18,256
Jun	-	104.00	-	-	-	-	50

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	116-03	116-01	+0-06	116-06	115-30	26814	46396
Mar	115-10	115-10	+0-04	115-16	115-08	24229	88432
Jun	114-23	114-20	+0-04	114-23	114-23	2	0

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
115	1-54	2-18	1-34	2-42
116	1-23	1-55	2-03	3-15
117	0-62	1-31	2-42	3-55

Est. vol. total, Calls 4156 Puts 1975. Previous day's open int., Calls 38623 Puts 12738

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	120.34	120.34	+0.14	120.36	120.30	160	10,602
Mar	119.86	119.84	+0.14	119.88	119.86	-	2,171

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	116-04	117-00	+0.31	117-01	116-00	96,354	219,112
Mar	114-28	115-21	+0.29	115-21	114-23	12,375	65,261
Jun	113-26	114-16	+0.25	114-16	113-26	165	8,436
Sep	-	112-22	-	-	-	97	12,629

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	115.95	-	-	115.97	115.95	50	0
Mar	115.16	-	-	115.24	115.05	1371	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Nov 29	Day's change %	Fri Nov 26	Accrued interest	xd adj. ytd		Low coupon yield Nov 29	Nov 26	Yr. ago	Medium coupon yield Nov 29	Nov 26	Yr. ago	High coupon yield Nov 29	Nov 26	Yr. ago
1 Up to 5 years (25)	129.67	+0.08	129.56	2.31	10.03	5 yrs	6.00	6.02	7.40	6.25	6.26	7.77	6.38	6.39	7.99
2 5-15 years (21)	158.63	+0.17	158.37	2.52	11.56	15 yrs	6.83	6.88	8.44	6.94	6.98	8.89	7.14	7.18	9.18
3 Over 15 years (9)	182.53	+0.50	181.61	3.30	10.04	20 yrs	6.93	6.99	8.67	6.97	7.02	9.04	7.15	7.19	9.26
4 Irredeemables (6)	213.11	+1.23	210.53	1.19	13.47	Irred.†	7.04	7.13	9.01						
5 All stocks (61)	154.16	+0.21	153.84	2.60	10.93										

Index-linked	Mon Nov 29	Day's change %	Fri Nov 26	Accrued interest	xd adj. ytd		Inflation 5% Nov 29	Nov 26	Yr. ago	Inflation 10% Nov 29	Nov 26	Yr. ago
6 Up to 5 years (2)	190.96	+0.05	190.86	0.79	4.28	Up to 5 yrs	2.14	2.15	2.51	1.29	1.30	1.71
7 Over 5 years (11)	187.89	+0.36	187.20	1.21	4.29	Over 5 yrs	3.10	3.12	3.88	2.92	2.95	3.70
8 All stocks (13)	187.28	+0.33	186.66	1.17	4.27							

Debentures and Loans	Mon Nov 29	Day's change %	Fri Nov 26	Accrued interest	xd adj. ytd	5 year yield Nov 29	Nov 26	Yr. ago	15 year yield Nov 29	Nov 26	Yr. ago	25 year yield Nov 29	Nov 26	Yr. ago
9 Debs & Loans (65)	145.57	+0.44	145.54	1.73	10.75	7.56	7.55	9.00	7.94	7.97	10.10	8.08	8.13	10.25

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Nov 29	Nov 26	Nov 25	Nov 24	Nov 23	Yr ago	High*	Low*
Govt. Secs. (UK)	103.94	103.64	103.64	103.49	103.43	92.56	103.94	93.28
Fixed Interest	124.64	124.23	124.06	123.88	123.80	108.01	125.20	108.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 125.20 (1/6/93), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22
Gilt Edged bargains	87.1	81.9	98.6	104.1	101.7
5-day average	94.3	98.3	111.4	118.7	103.64

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on November 29

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 8½ 03	1000	100¾	101	+⅛	6.38
AlbertaProvince 9⅜ 95	600	108¾	109⅛		4.48
Austria 8½ 00	400	114¼	114⅝	+⅛	5.89
Bank of Tokyo 8¾ 96	100	107½	108¼	+¼	4.88
[illegible]					

	Issued	Bid	Offer	Chg.	Yield
United Kingdom 7¼ 97	5500	105⅝	105¾		5.21
Volkswagen Intl Fin 7 03	1000	103½	103⅞	+⅛	6.49
World Bank 0 15	2000	27	27⅜	-⅛	6.12
World Bank 5¾ 96	300	102	102½		4.80
World Bank 8¾ 00	1250	117⅞	118⅜		5.36
[illegible]					

	Issued	Bid	Offer	Chg.	Yield
Alliance Leics 11¾ 97 £	100	115	115½		6.35
British Gas 12¼ 95 £	300	108⅝	108⅞	+⅛	5.34
British Land 12½ 16 £	150	136⅝	137⅛	+⅝	8.93
EIB 10 97 £	637	111¼	111½		5.99
Halifax 10⅜ 97 £	100	111⅞	112⅜		6.22
[illegible]					

UK GILTS PRICES

[illegible]

Dalgety buys petfood arm of BP for £42m

By Guy de Jonquières, Consumer Industries Editor

Dalgety, the food and agricultural supplies group, yesterday took its plans to become a leader in European petfood a stage further by buying Paragon Petcare from British Petroleum for £42m cash.

Paragon, which earned a £3m operating profit on sales of £103m last year, is among the last remaining businesses sold by BP's nutrition division, which the oil company put on the market last year.

Dalgety says the deal will give it continental sales of more than £100m annually and 12 per cent of the European petfood market by volume. That would be ahead of Nestlé of Switzerland and close to Quaker Oats of the US, which holds second position to Mars, also of the US.

Dalgety's petfood sales have grown rapidly since the mid-1980s to about £225m annually. About 80 per cent are in the UK, where Dalgety's Spillers subsidiary is the second largest producer after Mars, with about 20 per cent by value of the £1.2bn market.

As well as raising Dalgety's UK market share to about 24 per cent, the deal will give the group manufacturing capacity, a bigger customer base and new distribution channels on the Continent, where Paragon had sales of £61m last year.

Mr John Martyn, Dalgety's finance director, said: "We see petfood as a European business, and this is a very significant step in our expansion."

Though recession has recently dampened European markets, he expected growth on the Continent to outstrip the UK in the medium term.

Paragon, which employs 850 people, has plants in France, Germany and the Netherlands, as well as in Britain, and is particularly strong in sales to petshops. Its main brands are Beta in the UK and Doko and Dokat on the Continent. About half of its business is private-label production.

Most of Dalgety's continental sales are to supermarkets and are supplied by exports from the UK. The group's main continental petfood operation is Hopermann, a German distribution company acquired four years ago. However, Hopermann's efforts to launch Dalgety brands, such as Prime and Bonio, on the Continent have made little headway, and the group has less than 1 per cent of the German market.

Paragon's financial performance this year is expected to be similar to last year's. Mr Martyn said Dalgety's aim was to quickly increase the business's margins much closer to the 8-9 per cent return on sales earned by Spillers.

Dalgety would be looking closely at ways to eliminate duplication between the two businesses. Paragon's four British plants are believed to be much less efficient than Dalgety's four UK factories, in which the group has invested heavily in recent years.

Dalgety is thought to be interested in making further continental acquisitions and is believed recently to have held talks with Nestlé, which holds small shares of six European petfood markets.

EUROPEAN PETFOOD MARKET

Shares of sales in grocery stores, 1992 by value

Company	%
Mars	55
Quaker Oats	13
Nestlé	8
Dalgety	8
Royal Canin	1
Others	16

1993 market sales (£m)

UK	1,200
France	994
Germany	832
Italy	479
Netherlands	232
Belgium	223
Spain	174

Source: Dalgety/Nielsen

Dorling shares fall on warning

By Andrew Bolger

Santa has not been kind to Dorling Kindersley, the recently floated publisher which impressed the stock market with the quality of its illustrated reference books and futuristic multimedia products.

Its shares fell nearly 10 per cent yesterday after the publisher warned that trading in the important pre-Christmas period had been disrupted by a computer problem at its distributor, Tiptree Books, which is owned by Random House, the US publishing group.

Mr Richard Harman, managing director, said he could not quantify the impact of the problem, but a claim was being assessed by Arthur Andersen, the accountants, and would be pursued against Tiptree.

Tiptree was named distributor of the year at the British Book Awards in February, but difficulties started when it installed a new computer system in July.

Mr Harman said the problems at Tiptree were continuing in spite of the appointment of a new chief executive and round-the-clock working to clear the backlog. Although the disruption had been spotted in August, it was still affecting distribution to trade outlets and the DK Family Library, which sells directly to homes, offices and schools.

Mr Harman said the UK represented only about 30 per cent of Dorling Kindersley's sales. Although Christmas accounted for about 60 per cent of sales, that was a lower weighting than other publishers, some of whom did 75 per cent of their business in the run-up to Christmas.

Mr Peter Kindersley, group chairman and chief executive, told yesterday's annual meeting that it was too early to quantify the financial effect of the problem. However, BZW, the house broker, reduced its forecast of pre-tax profits for the year to June 30 from £11.5m to £10m.

Dorling Kindersley's shares yesterday closed down 31p at 293p, still well above last October's flotation price of 165p. Most of the City's excitement has been generated by the link with Microsoft, the US computer software group which has a 20 per cent stake in the UK company.

Tring postpones planned flotation

By Michael Skapinker, Leisure Industries Correspondent

Tring International, the budget price compact disc company, said yesterday that it had postponed its planned flotation because of the weakness of the new issue market.

The flotation, which had been scheduled for next month, would now take place in the first quarter of next year, the company said.

Tring said the decision was not the result of legal action it faced for allegedly selling unauthorised recordings of Olivia Newton John, Cat Stevens, Bob Marley and other artists. Record companies PolyGram, EMI Records and MCA have served writs on Tring.

"The timetable has most definitely and categorically not changed because of the litigation," the company said.

Tring says the legal actions will not have a material effect on its profits, which were £3.3m pre-tax last year. It adds that it always pays royalties to the companies it believes hold the copyrights and withdraws music from sale if complaints are made.

Tring announced last month that Mr Alan Wheatley, former chairman of venture capital group 3i, had agreed to become chairman. Mr Wheatley has not yet formally taken up the position, however, and is not yet a director of the company. It is understood that he will make a decision on whether to become chairman of Tring at the time of flotation, depending on his other commitments.

Mr Tony Morris, a former vice president of PolyGram International, has already taken up his position as Tring's deputy chairman.

Tring said that sales in October had been at a record level and it appeared that November had also been a successful month. There was no pressure on it to go for a quick flotation. "We're a very successful company with masses of cash. There's no need to raise cash to pay off huge debts."

Bristol Evening Post at £3.1m

By Peter Pearse

An 80 per cent higher contribution from its newspaper and printing activities helped the Bristol Evening Post lift pre-tax profits by 17 per cent to £3.1m in the 26 weeks to September 30.

The regional newspapers and retailing group had been stalked until May by Mr David Sullivan, publisher of the Sunday Sport and Daily Sport, who was keen to move into mainstream newspapers.

Mr Stanley Clarke, chairman, said the possible imposition of VAT on newspaper cover prices made it difficult to comment on the prospects for the second half of the year.

Group turnover declined by almost 3 per cent to £30.1m, with the contribution from newspapers and printing down at £16.8m (£17m) and from retail activities down 5 per cent at £12.2m (£12.9m). The latter was mainly due to "an acceleration of the disposal of kiosk shops".

Profits from newspapers and printing grew to £1.31m (£731,000), though Mr Clarke said that the circulations of the two main newspapers – the Bristol Evening Post and the Western Daily Press – remained depressed. The kiosks reorganisation led to the retailing side making less at £215,000 (£288,000). Features agencies and film production was flat at £47,000, while transport and vehicle repair lifted profits to £249,000 (£202,000).

The group offset the increased reorganisation costs of £342,000 (£244,000) by profits from the sale of further Reuters shares which accrued £371,000 (£276,000).

Earnings advanced to 8.47p (7.27p) per share and the interim dividend is lifted to 4.25p (4p).

BAe upbeat on regional jet business

By Paul Betts, Aerospace Correspondent

British Aerospace yesterday confirmed its intention to continue its regional jet operations and seek another international alliance for that business even if it were forced to abandon its proposed joint venture with Taiwan Aerospace.

Although BAe has continued negotiations with Taiwan, the future of the joint venture remains in serious doubt.

The company yesterday sought to reassure its regional jet workforce, based at Woodford, near Manchester, that it would maintain the business should the Taiwan negotiations break down.

Mr Dick Evans, chief executive, confirmed the company's "ongoing support" for the business in a message to employees. He added that the strategy of establishing an international partnership "will continue to be pursued".

BAe is believed to have had contacts with other possible partners. However, it believes it can now keep its restructured regional jet business going on its own while it seeks an international alliance.

Expanding ANS rises to £1.26m

By Catherine Milton

Associated Nursing Services, the nursing home operator, yesterday announced interim pre-tax profits ahead from £725,000 in the 28 weeks to October 10 1992 to £1.26m in the six months to September 30.

Turnover advanced to £10.1m (£7.23m) as the number of beds rose to 1,374 (1,245). ANS said the identification and publication of best practices across the company had helped reduce costs, improving operating margins from 33 per cent to 36 per cent.

"We looked at best practice in all of our homes and put together a single best practice document," said Mr Tony Robinson, finance director.

Controlling the wage bill had been a significant element, according to Mr Nick Dhandsa, chief executive.

He said: "Overall, I am very confident about the future." An interim dividend of 0.5p (nil) is payable from earnings per share of 9p (6.6p).

Mr Dhandsa said that the Care in the Community Act, introduced in April, had caused some delays to appraisals of potential residents, some of which had been politically motivated.

Dudley in the West Midlands was the quickest, turning appraisals around within 5 days, while Liverpool's authorities were the slowest, the company said.

There was also confusion between local authorities and health authorities over which were responsible for some elderly people's care.

Net interest charges fell to £545,000 (£914,000) as total borrowings fell to £15.4m (£17.1m).

Institutions back Ferranti board

By Paul Taylor

Both sides in the increasingly bitter battle over the future of Ferranti International, the defence electronics group, have begun marshalling their supporters ahead of next week's offer deadline.

As expected, institutional investors are falling in behind the board, which is backing a 1p a share rescue bid from GEC.

According to Ferranti, institutions controlling 28.6 per cent of the group's 936m ordinary shares and 20.6 per cent of its 79m special shares have said that, in the absence of a higher bid, they will accept the GEC offer.

The institutions backing the bid include the three biggest shareholders, Phillips & Drew Fund Management with about 10.4 per cent, Guardian Royal Exchange with 4.76 per cent and Prudential Portfolio Managers with 3.9 per cent. Other supporters include Electra Investment Trust and Co-op Insurance Society.

Ferranti's 100 largest shareholders control 60 per cent of its equity and the next 8,000 speak for a further 30 per cent. The final 10 per cent is in the hands of about 40,000 individuals.

GEC has said its will not proceed with the bid unless it receives acceptances covering least 90 per cent of the outstanding equity.

If the bid fails, Mr Eugene Anderson, Ferranti's chairman, has warned that the group's banks will call in the receivers.

Shareholders opposed to the £11.4m offer, which they have described as "derisory", have formed the Ferranti Shareholders Support Association, chaired by Mr John Katz.

The association, which claims a membership of some 230 shareholders speaking for more than 22m shares, said it had received letters and phone calls from more than 1,000 shareholders expressing opposition. It expects to speak for 35.5m shares by December 8, the closing date for acceptances.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Anglo Utd, Cape, Dawson Intl, Eastern Electricity, JLI, Johnson Matthey, Metrotect, Monks Inv, Philip Harris, Rothmans, Royal Trust Gov Secs Fund, Vernon, West Trust, Worth Inv.
Finals- Bass, Dundee & London Inv Trust, Enviromed, Young (H).

FUTURE DATES

Interims-	
BTP	Dec. 8
Cook (DC)	Dec. 6
de Morgan	Dec. 6
Enterprise Computers	Dec. 9
Greene King	Dec. 13
Joseph (Leopold)	Dec. 3
Manweb	Dec. 17
Northumbrian Fine Foods	Dec. 7
Sims Food	Dec. 7
Stagecoach	Dec. 7
Syltone	Dec. 10
Upton & Southern	Dec. 6
Vendome Luxury	Dec. 1
Finals-	
Countryside Props	Dec. 8
Dobson Park	Dec. 6
Holmes Marchant	Dec. 7
Prospect Inds	Dec. 8
Turkey Trust	Dec. 9
Wheeson	Dec. 14

Tops Ests falls to £0.83m

Tops Estates, the shop and office property company, yesterday announced a 30 per cent rise in rental income from £5.25m to £6.84m for the six months to September 30, but saw pre-tax profits fall from £918,000 to £825,000, writes David Blackwell.

The group, which is lifting the interim dividend by 5 per cent from 0.5775p to 0.6064p, lifted earnings per share from 1.33p to 1.41p. However, the earnings increase reflected a lower tax charge of £175,000, down from a previous £305,000.

Mr Everard Goodman, chairman, said the six months had been "a progressive period" for the group, which would continue to grow. He described the consistent rise in consumer spending as encouraging.

Net interest charges rose from £3.55m to £5.16m. Mr Goodman said high interest borrowings of £16m would be repaid next May "removing this short-term burden."

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Assoc Nursing §	int	0.5	Feb 24	-	-	1
Borthwicks	int	0.5	Jan 28	0.5	-	1.2
Bristol Post	int	4.25	Jan 28	4	-	11.75
Carlton Comms	fin	11.3	Apr 6	10.3	18.7	17
Control Techs	fin	5.15	Feb 21	4.7	7.5	6.85
EFM Income Tst	int	1☨	Feb 4	1.2	-	4.875
F&C Pep Inv Tst	fin	2.5	Jan 14	-	3.4	-
Gartmore Scot	int	2.4‡	Feb 25	2.4	-	10
Kalamazoo	int	0.85	Jan 28	0.25	-	2.1
Latham (James)	int	1.5	Feb 11	1.5	-	1.5
Merrydown	int	1†	Jan 18	1	-	7
Sep	fin	0.45	Apr 6	0.35	0.8	0.65
Tops Estates	int	0.6064	Mar 25	0.577	-	2.099

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☨Second interim: makes 2p to date. ‡First quarterly.

Keeping an eye on the ratings

Michael Smith on how the City evaluates the electricity companies

Eastern Electricity today opens the interim results season of the 12 regional electricity companies in perhaps a rather more relaxed mood than that to which it is accustomed when reporting to the City.

On previous occasions it has been among the lowest rated of the recs, but in recent months its shares have moved ahead strongly as investors have re-examined its prospects.

Three years after the regional electricity companies of England and Wales were floated, Eastern's improved fortunes highlight the way the City evaluates in a sector where each of the companies is remarkably similar.

How do analysts judge the companies, and do differentials between the various companies' share prices matter?

In most sectors the danger of a low stock market rating is that it increases the chances of a company being subjected to a hostile takeover bid. The government's ownership of a golden share in each of the 12 recs makes that less of a consideration in electricity.

Even after 1995, when the golden share expires, few analysts expect contested takeovers in the sector, in part because the differential in the ratings, whether measured in prospective yields or price/earnings ratios, is relatively small when compared to other sectors, including water.

However Mr Nigel Hawkins, an analyst at Hoare Govett, is among those who believe that agreed mergers are more likely. The stronger a company's share price, the stronger its bargaining position would be in merger talks.

Mr Nigel Burton, electricity analyst at SG Warburg Securities, says there are two other motives for rec executives to keep their ratings high.

"The first is that high share prices act as an incentive on staff.

"Most recs' employees look regularly at their company's share price and see how it is faring against others in the sector.

"The executives' second motive in keeping their rating high is their pride."

If Mr Burton is right, the pride of Mr John Harris, chairman of East Midlands Electricity, must have taken a fair knocking in the past three years. East Midlands has never been highly rated since its flotation and yesterday was no exception.

Its shares were, at yesterday's closing price of 561p, the lowest of the recs, all of which were floated at 240p. But what signifies its low valuation in City eyes is its prospective yield for the current year.

If Warburg is right in its prediction that the company will pay out 22p to shareholders in 1993-94 the prospective yield is 4.9 per cent.

This, again, is among the highest of the recs, signifying the City's relatively poor view of the company. On Warburg's analysis Norweb was sitting on the top of the rec pile at noon yesterday, with its shares trading at a prospective yield of 4.4 per cent.

In evaluating electricity shares investors are strongly influenced by their perceptions of the managements and their strategies. One reason why Eastern has climbed from the bottom of the heap is that it last year appointed Mr John Devaney as chief executive.

Prior to his arrival there had been concern that Mr James Smith, now chairman but then chief executive as well, was not doing enough to improve the company's efficiency and the City felt staff numbers remained stubbornly high.

Mr Devaney, appointed from outside the industry from his previous job in the US motor industry, is credited with implementing significant job cuts and improved efficiencies in the past year.

At East Midlands, Mr John Harris, chairman, is considered by some potential investors to take too high a profile. While other rec chiefs kept their heads down during the national debate over coal last year and this, Mr Harris could often be seen on television putting forward the industry's case.

The City prefers the quieter, more cautious approach of someone like Mr Ken Harvey, chairman of Norweb. One analyst relates how he recently visited a small institution for the first time in six years. "Ken had been there the week before. The personal touch can make all the difference."

But however personable a company chief is, he has to have a convincing story to sell if a round of City visits is to pay off. Here again, investors have been sceptical about East Midlands' diversification into areas such as electrical contracting.

They tend to prefer the stick-to-basics approach of Manweb, the only one of the 12 recs which has not participated in joint ventures to set up combined cycle gas generating plants.

Mr Simon Williams, electricity analyst at Kleinwort Benson Securities, says Manweb's shares are among the most attractive in the sector because they have the lowest risk strategy.

This, he says, is also reflected in its drive to improve efficiency. "The only way to consistently beat the regulator is to cut costs and Manweb has consistently demonstrated it can do that."

In the coming months controllable costs will come increasingly to the fore. This year's interim results will be treated with relative caution by investors who are wary of drawing too many conclusions from a half year which contributes far less than half of annual profits.

The focus will be on how the company can present itself to the regulator as he prepares his review of the companies' distribution businesses. Distribution is where the recs make most of their money; if companies show they have done as much as they can to make them efficient they may suffer least in the review and, therefore, in their share price.

Merrett to scale back underwriting activities

By Richard Lapper

Merrett Holdings yesterday outlined plans to radically scale back its Lloyd's underwriting activities, focusing future operations on loss adjusting and other insurance services businesses.

Merrett, chaired by Mr Stephen Merrett, the former deputy chairman of Lloyd's of London, lost support from members' agents – which channel Names to its syndicates, earlier this year. Plans by Travelers' Insurance, the US insurance company, to provide backing for the agency's biggest syndicates, 418 and 1067, collapsed earlier this month.

Mr Alan Cleary, group chief executive, said yesterday it was "virtually certain" that 418 and 1067 would not be underwriting in 1994 "as they have not attracted sufficient capacity to enable them to go forward on a viable basis."

However, the blow to Names – the individuals whose assets support the market – and to Lloyd's itself, will be softened by a deal which Janson Green, a rival managing agency, has negotiated with Mr Barnabas Hurst-Bannister, 418's existing underwriter. Mr Hurst-Bannister and 418's existing underwriting team will insure at least some of its existing business.

Mr Peter Cowell, managing director of Janson Green, expects Mr Hurst-Bannister's syndicate, which has a provisional number of 1215, to have a stamp of about £60m in 1994, against £150m traded by syndicate 418 in 1993.

He said that Janson Green would endeavour to close 418's 1991, 1992 and 1993 years into the ongoing syndicate but was unable to say whether that would be feasible.

Mr Cleary said Merrett had the "expertise, systems and experience" to handle the "open" underwriting years "in house." Lloyd's said it would monitor the run-off of both 418, whose 1985 and 1990 years were already "open", and 1067. Merrett will try to sell the goodwill in respect of four smaller syndicates – 179, 332, 1038 and 1184.

Mr Cleary emphasised that the problems of Merrett's underwriting activities had had no impact on other trading divisions.

Chrysalis accounts change just a 'storm in a teacup'

By Andrew Jack

Chrysalis, the music and media group, is to amend the treatment of one of the companies in which it owns shares following discussions with the Financial Reporting Review Panel, the UK accounts watchdog.

The company is to change the 1992 figures in its reserve notes for the treatment of its associated undertaking in Metro Radio, in which it held an 18.7 per cent stake.

The accounts show that it wrote off £3.94m in goodwill against reserves after purchasing 3.18m Metro shares for £4.99m.

However, it then revalued the investment to its original cost by an amount equal to the write-off, which the panel ruled to be contrary to SSAP 1, the accounting standard on associated companies.

The treatment was highlighted in the 1992 accounts, which stated it was "not in accordance with accounting standards". No such statement had been made in the 1991 accounts after the shares were first acquired.

Neither Stoy Hayward, the auditor in 1991, nor KPMG Peat Marwick, which replaced it in 1992, had qualified the accounts to draw attention to the treatment.

Mr Nigel Butterfield, group finance director, said: "I would like to say it's a storm in a teacup, but it's not much of a storm. It's irritating. We wasted a lot of time and professional fees on it."

The directors maintain that they are justified in showing the aggregate value of their investment in Metro, and will achieve this by attributing the fair value to the company's intangible assets – its radio licences.

They will also provide a more detailed explanation, and amend the reserves to add back a £3.94m write-off to the profit and loss account reserve and deduct it from the revaluation reserve.

AAF sells US offshoot for $33m

By David Blackwell

AAF Industries, the mini-conglomerate which plunged into the red in its first half, is to sell its US modular building subsidiary for a total of $33.3m (£22.3m).

Mr Alex Brown, chief executive, said yesterday that the disposal "takes a lot of the pressure off and gives us a chance to look at the group afresh."

No decision had yet been made on making further disposals.

On April 1 the company announced a 1-for-4 rights issue at 175p which was 97.6 per cent subscribed. It was followed by profits warnings in July and September which sent the shares tumbling.

Last month AAF reported an interim loss of £11m compared with a profit of £2.26m.

The deficit stemmed directly from expansion of its prefabricated building manufacturing business, which it bought in 1989, into an on-site contractor. The group warned that further costs of £7m would be incurred in the second half because of the closure of the lossmaking division.

Yesterday the shares, which have traded as low as 19p, rose 11p to 49p.

The group has agreed to sell Diamond Engineered Space to GE Capital Modular Space, a unit of General Electric of the US, for $27.3m cash and a further $6m in consideration for the giving of a non-competition covenant.

Ohio-based Diamond had a book value of some $30m at the end of September. Last year it contributed $1.9m to profits on turnover of $24m.

GE Capital will not be assuming $15.9m of Diamond's debt and liabilities.

AAF said the net proceeds of the sale would be about $13.3m of which £4.3m would be used to reduce debt to about £24m, leaving gearing at between 110 per cent and 115 per cent.

NEWS IN BRIEF

ADWEST GROUP has acquired Rousseau, a French maker of jacks for the automotive industry, for £1.1m in cash.

ALVIS is paying an initial £600,000 cash for Morfax's worldwide business in Wheelbarrow explosive ordnance disposal robots. A further consideration, to a maximum £1.4m, is sales-related.

BRAMMER, the industrial service group, has sold its US subsidiary, Master Pumps & Equipment, to a management group for $2.5m (£1.67m). Proceeds of the sale, which is in line with stated policy of concentrating resources in Europe, will be used to reduce borrowings.

BRITISH POLYTHENE Industries has bought Dublin-based Consolidated Plastics and its wholly owned trading subsidiary CV Packaging. Consideration is I£720,000 (£684,000). Consolidated, a producer of polythene film, was jointly owned by Smurfit Ireland and Irish Fertiliser Industries.

CASTLE COMMUNICATIONS has sold its shareholding in Castle Communications (Australasia) to BMG Arista/Ariola, the Australian subsidiary of Bertelmann Music Group. The purchase price produced a "modest" profit over book value. In addition BMG took on debt of £520,000.

CZECH & SLOVAK Investment Corporation: Net asset value $9.54 at September 30 ($9.46 at March 31). Net deficit per share 1.3 cents for six months to September 30 (4.2 cents for previous 7½ months period).

DRAGON OIL has disposed of minority interests in two associated companies, North West Exploration and New Signet Resources, for I£337,500 (£320,000).

ELLIOTT (B): Rights issue of 9.1m ordinary shares taken up as to 8.48m shares (93.12 per cent). Balance has been placed with institutional investors.

EMAP has acquired Containerisation International, a monthly business magazine with a circulation of 9,758 in 120 countries, from National Magazine Company. CI, which derives 87 per cent of its advertising from outside the UK, returned a small operating profit on turnover of £1.9m for the 1992 year.

GUINNESS PEAT Group is buying 31.9 per cent of the voting capital of Physicians Insurance Company of Ohio for $5m (£3.4m) cash. Physicians has $231m under management and in the 1992 year reported a loss of $6.9m.

FT-SE Actuaries seminar

The FT-SE Actuaries Classification Committee is holding a seminar for professional investors to discuss the recently announced changes in the classification of UK equities.

The seminar will be held at the Financial Times on December 7. Admission is free. Those interested in attending are asked to contact Liz Leech of the FT on 071 873 3229 or by fax on 071 873 4610.

Fidelity Japan

Fidelity Japan and Regional Markets net assets were $10.71 ($6.91) at September 30.

INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

	UNITED STATES Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	JAPAN Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	7.1	100.0	102.1	100.0	100.0	2.6	100.0	98.1
1986	105.5	100.9	6.9	98.0	106.9	106.5	99.7	2.8	94.3	105.2
1987	108.4	106.0	6.1	105.5	108.4	113.6	103.1	2.8	108.3	115.5
1988	112.6	110.7	5.4	106.1	112.5	122.6	112.9	2.5	135.9	122.8
1989	115.6	112.4	5.2	99.3	110.9	132.5	119.9	2.2	147.0	125.8
1990	116.5	112.4	5.4	84.6	106.9	141.6	125.5	2.1	149.8	123.7
1991	114.2	110.3	6.7	62.2	112.2	144.6	128.4	2.1	144.2	121.9
1992	117.8	112.9	7.3	60.4	117.3	139.9	120.6	2.2	124.2	121.8
4th qtr.1992	5.9	3.2	7.2	61.8	117.3	–5.5	–7.7	2.3	115.3	121.8
1st qtr.1993	3.7	4.4	6.9	62.2	117.7	–5.9	–5.1	2.3	115.6	125.0
2nd qtr.1993	5.3	3.8	6.9	63.7	117.5	–6.0	–4.3	2.4	106.2	126.2
3rd qtr.1993		4.2	6.7	66.0	120.1		–3.8	2.5		128.2
November 1992	5.7	3.2	7.2	62.4	117.0	–5.5	–8.6	2.3	110.6	121.6
December	6.5	4.0	7.2	62.3	117.3	–7.7	–7.8	2.4	118.6	121.8
January 1993	4.9	4.6	7.0	60.4	118.2	–3.5	–7.6	2.3	109.9	122.6
February	3.2	4.4	6.9	63.5	117.9	–5.9	–5.8	2.3	113.0	123.5
March	3.0	4.3	6.9	62.8	117.7	–8.2	–2.0	2.3	123.6	125.0
April	4.7	3.9	6.9	62.9	117.2	–5.3	–4.1	2.3	109.6	126.3
May	5.2	3.3	6.8	65.0	117.4	–4.8	–4.2	2.5	102.6	126.4
June	6.0	4.2	6.9	63.1	117.5	–8.0	–4.6	2.5	106.4	126.2
July	5.9	3.7	6.8	65.6	118.3	–5.8	–4.5	2.5	100.8	126.2
August	5.3	4.0	6.7	66.7	119.0		–2.6	2.5	103.3	126.9
September		4.9	6.6	65.6	120.1		–4.4	2.6		128.2
October		4.4								

	GERMANY Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	FRANCE Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	7.1	100.0	105.1	100.0	100.0	10.3	100.0	102.7
1986	103.4	102.2	6.4	136.4	105.0	102.4	101.1	10.4	107.2	109.2
1987	107.4	102.6	6.2	149.4	106.1	104.5	103.1	10.5	117.7	108.6
1988	110.5	106.3	6.2	164.8	112.2	107.9	107.3	10.0	134.9	114.5
1989	114.2	111.4	5.6	216.7	115.1	109.5	111.3	9.4	161.1	114.1
1990	123.5	117.2	4.8	261.1	115.8	110.1	112.9	8.9	163.0	107.1
1991	130.5	120.7	4.2	270.7	113.0	109.7	113.2	9.5	127.7	106.3
1992	128.2	119.1	4.6	260.2	106.8	108.9	113.1	10.4	111.4	105.9
4th qtr.1992	1.4	–4.6	4.9	233.1	106.8	–1.4	–2.6	10.7	101.6	105.9
1st qtr.1993	–4.6	–9.8	5.3	213.4	107.0	0.1	–3.7	11.0	98.6	103.8
2nd qtr.1993	–3.8	–8.3	5.6	209.3	109.2	1.1	–4.1	11.5	91.6	104.7
3rd qtr.1993	–2.1	–7.0	5.9	194.5	112.6	0.9	–3.6	11.7	85.0	106.0
November 1992	1.4	–5.8	4.9	232.3	107.2	–5.2	–3.9	10.7	101.8	106.7
December	5.2	–4.3	5.0	224.2	106.8	1.0	–4.8	10.9	98.0	105.9
January 1993	–7.3	–9.1	5.2	216.7	106.5	0.1	–5.4	10.9	97.1	105.1
February	–4.6	–11.6	5.3	212.6	106.6	–3.9	–2.6	11.0	96.6	104.7
March	–1.7	–8.5	5.5	210.2	107.0	4.3	–3.0	11.2	96.0	103.8
April	–2.4	–9.0	5.6	211.8	107.6	1.1	–5.1	11.4	95.0	104.6
May	–5.7	–8.2	5.6	208.5	108.1	–3.1	–3.6	11.5	89.1	105.0
June	–3.4	–7.6	5.7	206.8	109.2	5.3	–3.6	11.6	91.0	104.7
July	–3.9	–7.8	5.8	203.5	110.2	1.6	–3.2	11.7	93.9	104.4
August	–0.3	–5.5	5.9	195.3	111.6	–0.9	–3.5	11.7	80.4	104.9
September	–1.9	–7.6	6.0	184.6	112.6	2.0	–4.0	11.8	80.8	106.0
October				173.0						107.3

	ITALY Retail sales volume	Industrial production	Unemployment rate	Composite leading indicator	UNITED KINGDOM Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	9.6	103.9	100.0	100.0	11.2	100.0	101.6
1986	106.8	104.1	10.4	110.8	105.2	102.4	11.2	116.1	104.9
1987	112.1	106.6	10.9	112.9	110.7	106.5	10.3	141.2	109.0
1988	108.0	114.2	10.9	117.8	117.8	111.6	8.6	144.3	107.1
1989	116.9	118.7	10.9	115.9	120.1	114.0	7.2	124.7	104.7
1990	114.3	118.0	10.3	112.0	121.1	113.7	6.8	98.1	102.3
1991	110.6	115.4	9.8	114.9	119.6	109.2	8.7	68.6	106.0
1992	116.3	113.6	9.8	111.5	120.5	108.7	9.9	70.0	111.1
4th qtr.1992	2.7	–3.8	9.3	111.5	1.6	0.9	10.4	71.7	111.1
1st qtr.1993	2.0	–4.3	9.0	114.3	3.3	1.8	10.5	73.7	114.6
2nd qtr.1993		–4.0	10.6	115.6	3.0	3.0	10.2	74.3	114.8
3rd qtr.1993		–1.3	10.2	119.5	3.8	2.7	10.3	77.5	116.1
1992 November	5.7	–5.7	n.a.	111.4	1.6	0.2	10.4	71.2	110.0
December	–0.2	–4.4	n.a.	111.5	1.0	0.5	10.6	74.9	111.1
1993 January	11.0	–3.9	n.a.	111.9	3.0	1.8	10.7	73.1	112.6
February	–4.5	–4.3	n.a.	113.4	2.9	2.0	10.5	73.2	113.9
March	–0.3	–4.7	n.a.	114.3	4.0	1.6	10.4	74.8	114.6
April	1.7	–3.6	n.a.	114.7	2.7	1.3	10.3	75.0	114.9
May	–10.4	–4.6	n.a.	115.2	2.4	4.6	10.2	75.1	115.0
June		–3.9	n.a.	115.6	3.9	3.1	10.2	72.7	114.8
July		–3.3	n.a.	116.6	4.4	3.6	10.3	77.5	114.9
August		0.4	n.a.	117.6	3.6	2.6	10.3	77.7	115.7
September		–0.6	n.a.	119.5	3.5	2.1	10.2	77.3	116.1
October			n.a.		3.2			81.6	

All series seasonally adjusted. Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA. Retail sales volume: data from national government sources except Japan and Italy (value series deflated by OECD using CPI). Refers to total retail sales except France and Italy (major outlets only) and Japan (department stores only). Industrial production: data from national government sources. Includes mining, manufacturing, gas, electricity and water supply industries except Japan (mining and manufacturing only) and UK (also includes construction industries). Unemployment rate: OECD standardised rate which adjusts as far as possible for the different definitions of unemployment used in official sources. Vacancy rate indicator: relevant vacancy measure divided by total civilian employment, expressed in index form. Derived from OECD series. US – help-wanted advertising, Japan – new vacancies, Germany and France – all jobs vacant, Italy – no data available, UK – unfilled vacancies. Composite leading indicator: OECD data. Each is a combination of series, cyclical fluctuations in which usually precede cyclical fluctuations in general economic activity.

Success of corporate strategy behind organic expansion

Control Techniques up 47%

By Andrew Baxter

Control Techniques, the Powys-based controls and drives producer, lifted pre-tax profits by 47 per cent, from £6.22m to a record £9.14m, in the 12 months to September 30.

The outcome was struck on turnover of £105.3m, up 20 per cent from the previous £88m.

The recommended final dividend is raised to 5.15p, taking the total for the year to 7.5p, against 6.85p.

With earnings ahead from 9.8p to 15.3p per share, the distribution to shareholders is now covered twice by earnings, against 1.4 times in 1992.

Mr Trevor Wheatley, chairman, said the directors had been "mindful of the need to rebuild dividend cover to a level appropriate to a company such as Control Techniques which, to maintain its competitive edge, must invest significant sums in capital expenditure and research and development."

Mr Wheatley said the results were a direct reflection of the successful application of CT's corporate strategy – which *focuses exclusively on drives* and controls for electric motors – and this had produced a welcome improvement in organic growth.

"The strategy is to maintain CT's commitment to research and development, to standardise and centralise production in state-of-the art manufacturing facilities in mid-*Wales and to concentrate* the marketing and sales effort on expanding the company's worldwide network of CT Drive Centres."

Worldwide, CT has 24 Drive Centres, small factories which *take equipment from the New*town manufacturing base and provide a tailored service to local customers.


Trevor Humphries
Trevor Wheatley (right) with Kevin Curran, group managing director: mindful of the need to rebuild dividend cover

Six more will be opened this year as the company moves towards its ultimate target of some 50 units worldwide.

Mr Wheatley said the rate of growth in orders had slowed somewhat in recent months and the board was not expecting any substantial improvement in economic conditions.

The company had therefore been positioned to increase sales and profits even in this environment.

● COMMENT

Rationalisation has played a part in CT's success this year – some 200 jobs have been cut worldwide. But there's more to the strategy than cost-cutting: 100 manufacturing jobs have been added in Wales and the overall worldwide headcount is only slightly down at about 1,300. CT is benefiting from its focused strategy, from the highly profitable Drive Centre development and from overseas expansion. The *product substitution* that has followed foreign acquisitions has increased output from Wales even though the US and German *businesses* – together accounting for £40m in sales – are not yet contributing to profits. But both are *expected to contribute significantly* this year, and in spite of market conditions, suggest a further rise in profits to *perhaps £12m to £13m*, putting the company on a reasonable prospective multiple of 16 to 17.

Kalamazoo sustains revival with £2.5m

By Paul Cheeseright, Midlands Correspondent

Kalamazoo sustained its revival in the six months to September 30 with pre-tax profits of £2.53m, against a restated loss of £936,000 last time.

Fortunes started to revive at the computer services and printing systems group in last year's second half as losses in its printing systems division were brought under control. The division made a pre-tax profit of £730,000 in the period, against a first half deficit of £1.51m.

But as Kalamazoo concentrates on the expansion of its computer services business, the future of the printed systems business within the group looks doubtful.

Mr Peter Harrop, the chair*man, said that he did not* perceive the necessity of a fire sale.

During the first half, com*puter services contributed* £21.9m to total turnover of £29.6m (£27.6m).

Mr Harrop said that Kalama*zoo intended, from the base of* its net cash balances, to spread its computer services business across Europe.

The interim dividend is raised to 0.85p (0.25p), payable from earnings of 4.2p per share.

Lack of exceptional credit leaves Borthwicks lower

By Catherine Milton

Interim pre-tax profits at Borthwicks, the natural flavours company, fell from £1.28m to £1.13m in the *first* results since the company completed its exit from the meat processing industry.

Figures for the half year to September 25 were distorted by a one-off £442,000 credit booked in the comparative period related to tax on a New Zealand lamb contract which had been sold.

Sales fell by more than a third to £14.9m (£23.2m). Turnover in continuing businesses increased to £14.5m (£12.9m).

"As far as the future is concerned, clearly we are going for organic growth but we are also *working on joint* ventures and partnerships and are searching for acquisitions", said Mr Peter Brackenridge, chief executive.

"*In the UK, despite a difficult* economic situation, and despite the well-documented price pressure from Mr Sainsbury and *Mr* Tesco, *we did* increase sales from the UK operations, although operating margins slipped," he said.

Borthwicks said operating margins in the UK businesses fell to a little more than 9 per cent (10 per cent) over the period partly because of price pressure and partly because of sterling's devaluation which affected more than 60 per cent of raw materials.

Operating margins across continuing businesses fell to 8.5 per cent (8.8 per cent).

Interest charges dropped to £142,000 (£324,000), reflecting disposals in the second half oflast year.

Net borrowings fell to £3.82m (£6.62m) but had climbed £500,000 since the year end. Gearing was 47.5 per cent (58.6 per cent).

Unrelieved *tax* losses of £4.7m and planned US tax losses of £6m should ensure a tax charge of about 13 per cent for "*the foreseeable future*".

The interim dividend is maintained at 0.5p although earnings per share fell to 1.6p (1.9p).

Enlarged Merrydown tops £0.9m

By Philip Rawstorne

Merrydown, the Sussex-based cider and soft drinks maker, increased first half pre-tax profits by 23 *per cent to* £932,000, helped by contributions from Shloer and PLJ, the adult soft drinks acquired in *January*.

"Their combined impact on revenue and profit is expected *to be significantly greater in the second half*," said Mr Richard Purdey, chairman. "The Christmas period, which normally accounts for 45 per cent of Shloer's annual sales, will *be crucial*."

Earnings per share for the six months to September 30 fell 8 per cent to 5.72p (6.22p) after a 3m share issue to fund the acquisitions. The interim dividend is maintained at 1p.

Trading profit rose 17 per cent to £1.25m (£1.07m) on turnover 81 per cent higher at £11.29m.

Soft drinks, which also include Piermont and Sorelle, accounted for 27 per cent of turnover compared with 8 per cent in the same period last year. Shloer sales in Ireland were largely responsible for an 85 per cent rise in export revenue to £330,000.

Cider sales were affected by a slower than expected relaunch of Merrydown Original, the company's leading brand. By September, however, sales were running ahead of last year, and Original retained leadership of the Scottish take-home market.

Sales of Premium Draught cider progressed and sales of own-label ciders accounted for 10 per cent of group revenue.

NEWS DIGEST

Sep hits £2m and seeks £5m

Sep Industrial Holdings, the Surrey-based general engineer, yesterday reported a rise in pre-tax profits from £830,000 to £2.08m for the year to end-September.

The company also announced a placing and open offer to raise £5.05m net to enhance the balance sheet and help fund recent acquisitions.

Gearing at year-end of 54 per cent was expected to fall to about 16 per cent.

The placing and open offer is of 17.86m new ordinary shares on a 1-for-4 basis. The shares have been placed with institutional and other investors at 30p per share, subject to a clawback by existing shareholders.

For the past year acquisitions added £890,000 to profits and £16m to total turnover of £37.72m (£24.04m).

Earnings worked through at 2.8p (1.42p) and a final dividend of 0.45p makes a 0.8p (0.65p) total. At the interim stage a total of not less than 0.75p was forecast.

The shares closed 2p higher at 33p.

Shield Diagnostics makes first purchase

Shield Diagnostics Group reported losses of £160,700 from its incorporation in June to the end of September. The company came to the market in September.

The company also made its first acquisition since coming to the market with the purchase of the medical division of Cortecs Diagnostics for a total of £250,000.

Turnover for the period was £309,600. Losses per share were 15.07p on a weighted average of number of shares during the period. However, on the basis of the number of shares in issue following the acquisition of Shield Diagnostics Ltd losses were 1.23p.

Shield Diagnostics Ltd reported a pre-tax loss of £297,600 (£313,700) for the six months to September 30 on turnover of £872,600 (£833,200).

The shares rose 1p to 88p against the placing price of 112p.

Exceptional boost for Dakota

Dakota, the Dublin-based packaging and stationery group, swung from losses of I£2.3m to profits of I£1.85m (£1.76m) pre-tax for the year to end-September.

The figure took account of an exceptional net gain of I£1.11m (I£1.22m loss). Turnover of I£21.8m (I£26.9m) included I£4.67m from discontinued operations. Earnings per share improved to 6p (losses 8.6p).

Keystone Inv makes £7m debenture issue

Keystone Investment Company, the investment trust, is issuing £7m of debenture stock 2020.

The stock will be priced to give an effective yield of 85 basis points over the gross redemption yield on 8.75 per cent Treasury stock 2017.

The stock will be payable in full on December 6 and interest will be payable semi-annually in arrears on April 1 and October 1 with a short first coupon to April 1 1994.

Stakis in £6m airport venture

Stakis, the hotel and casino group which returned to profit last year, is to spend £6m on building a 150-room hotel at Edinburgh airport, its first construction for 3¼ years and the first to be built at the airport.

It will be built in partnership with BAA, the airport's operator, which will lease the land to Stakis and take a percentage of turnover in rent.

Second HGSC asset value 98.94p

Net asset value per ordinary share of the Second HGSC Index Investment Trust stood at 99.3p at September 1. That was an improvement of 4.1p since July 8 when the company completed an offer for subscription and placing.

By end-September the figure had slipped to 98.94p.

For the period May 7 to September 30 after tax revenue amounted to £133,084, equal to earnings of 0.53p.

EFM Income Tst net asset value up

EFM Income Trust reported a net asset value of 56.8p per share at October 31, up from 45.9p at end-April and 37.7p at end-October 1992.

Net revenue for the half year to end-October amounted to £404,000 (£361,000), equivalent to earnings of 2.7p (2.4p) per share. A second interim dividend of 1p makes 2p (2.4p) so far this year.

James Latham back in black with £0.6m

James Latham, the timber importer and building materials merchant, swung back into the black in the six months to end-September with a pre-tax profit of £598,000.

At the March year end there was a deficit of £2.2m, principally arising from a £1.89m *exceptional charge, although* at the interim stage of that year the company reported a profit of £54,000.

Turnover for the latest six months amounted to £35.1m, against £21m – including £1.39m from discontinued operations – last time.

The interest charge fell to £497,000 (£616,000) and tax took £160,000 (nil). The interim dividend is maintained at 1.5p from earnings of 7.91p (0.29p).

Hotel side boosts Daniel Thwaites

Daniel Thwaites, the brewer, wine merchant and public house and hotel operator, lifted pre-tax profits by 30 per cent from £2.44m to £3.17m in the half year to September 30. The increase stemmed mainly from the hotel subsidiary, Shire Inns, the company said.

Turnover rose to £38m (£35.7m) and the pre-tax figure was after a £729,000 loss on the sale of properties.

Earnings per share advanced from 8.3p to 9.9p and the interim dividend is stepped up to 1.2p (1p).

The company's shares trade under Stock Exchange Rule 535(2).

Simon in sale talks

Simon Engineering is in talks with the Western Company of North America for the sale of Unichem International.

Houston-based Unichem has annual sales of about $30m (£20m) and provides speciality chemicals and technical services to the US oil, gas, refinery and petrochemical industries.

Markheath granted breathing space

Markheath, the property group 61 per cent-owned by Adelaide Steamship of Australia and its associates, has been given a *further one month extension* by the DTI to delay the publication of its annual accounts for the year to end-March until December 30.

Markheath said that negotiations with the group's banks were "continuing in a constructive manner but were unlikely to be completed by November 30 1993."

Strong asset growth at China Inv Trust

China Investment Trust, which came to the market in May, reported a net asset value of 111p per share as at September 30. The figure had increased to 142.2p per share by November 25.

Net revenue amounted to £47,259 in the period to end-September, for earnings of 0.3p per share.

F&C Pep net asset value at 116.9p

Foreign & Colonial Pep Investment Trust had a net asset value of 116.9p per share at September 30, up from 97.5p at the inception of dealing in October 1992.

Available revenue for the 12 months to end-September was £1.37m for earnings of 4.32p per share. A recommended final dividend of 2.5p brings the total to 3.4p.

Drayton Blue Chip net assets ahead

Drayton Blue Chip Trust reported a net asset value of 88.6p per income share at September 30, up 8 per cent from 81.8p at the March year-end.

The increase on the same stage of 1992 was 24 per cent.

Net revenue was virtually flat at £503,000 (£510,000) for earnings of 3.981p (4.035p) per share. The interim dividend is maintained at 2.905p.

Court Cavendish in £2.1m expansion

Court Cavendish, the care home operator which came to the market in July, has made a £2.1m recommended offer for Gainsborough Homes.

Directors of Gainsborough have given irrevocable undertakings in respect of their own and their family interests amounting to 34.5 per cent of the issued share capital.

Gainsborough shareholders can receive their consideration in cash, Court Cavendish shares at 225p or loan notes, or a combination of both.

BCE deficit at £162,000

BCE Holdings, the USM-quoted distributor of snooker, billiard and pool products, announced pre-tax losses of £162,000 for the six months ended September 30, compared with £168,000, on turnover down from £1.98m to £1.82m.

Losses per share were 0.58p (0.6p)

Transforming the banking sector is one of the most daunting tasks: Page III

FINANCIAL TIMES SURVEY

VIETNAM

A guide for the investor on how to do business in Vietnam: Page V

Tuesday November 30 1993

Free market reforms have led to a rush of business activity with Hanoi aiming to double GDP in the current decade. But with growth comes the threat of corruption, environmental destruction and a widening gap between rich and poor, writes Victor Mallet

Too much, too soon

The Vietnamese are enjoying themselves. After half a century of warfare and dour communist rule, the country's 70m inhabitants – urban and rural – have responded enthusiastically to the free market policies progressively introduced by the government over the past seven years.

With an average per capita gross domestic product of $220 a year, Vietnam is still one of the world's poorest countries, but the traits of a modern consumer society are emerging everywhere from the trading towns on the Chinese border in the north to the beach resort of Vung Tau in the south.

In the once sleepy capital Hanoi, foreigners and Vietnamese are building hotels, office blocks and private houses, replicating the construction and business boom which is already well under way in Ho Chi Minh City, the southern commercial centre previously known as Saigon.

The public tennis courts in the central port city of Danang are packed with eager if inexpert players; in nearby Hué, students are contentedly drinking beer in bars which opened only months ago.

In Ho Chi Minh City, a new supermarket was forced to close its doors after only four days because it could not meet the demands of its customers: the check-out queues were one and a half hours long.

There is, as Vietnamese officials admit, an ugly side to Vietnam's transformation. Corruption, greed and prostitution have flourished in the liberal economic climate. But the incipient urban prosperity that allows the wealthier Vietnamese to buy new motorcycles and build new homes is underpinned by solid and nationwide economic achievements since the communist government launched its policy of *doi moi* (renovation).

Ruthless restriction of the money supply has forced inflation down from more than 700 per cent in 1986 to less than 10 per cent today. Foreign investors have proposed $6.8bn of projects in the five years since the first foreign investment law was enacted. Exports – including rice, textiles and seafood – have been growing at an average 30 per cent a year in the same period. The economy grew by 8.3 per cent last year, a performance which will almost be matched in 1993.

Vietnam reacted nimbly to the collapse of communism in eastern Europe, shifting the focus of its trade away from the former Soviet bloc countries to new partners in Asia and the west.

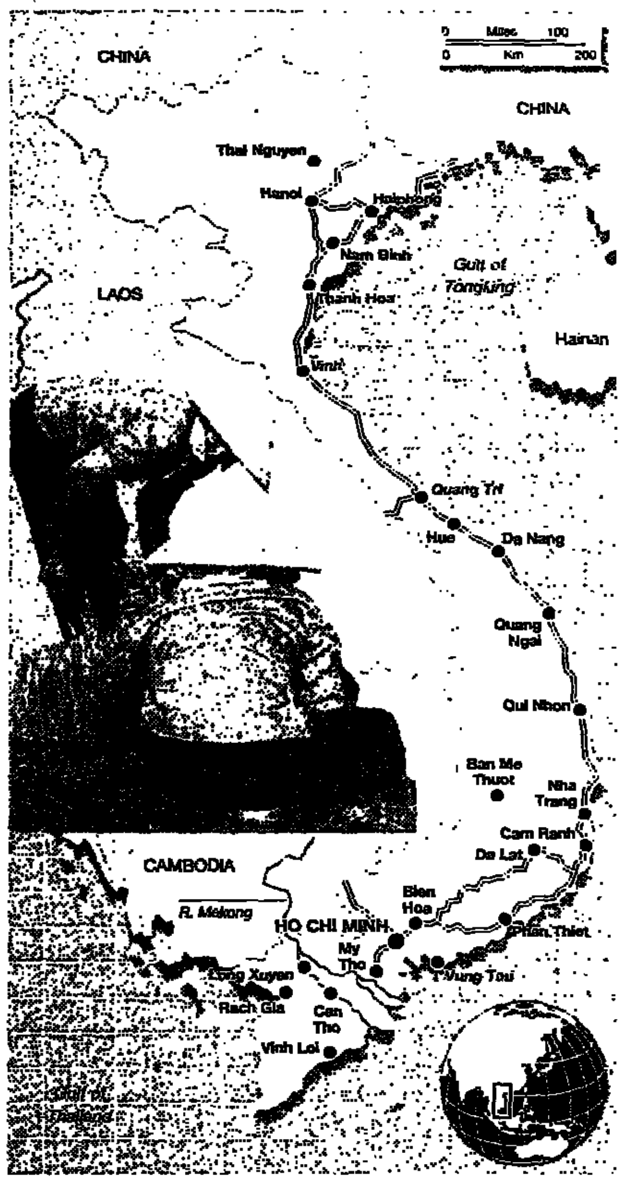
According to the trade ministry, all of Vietnam's light industrial exports went to the east bloc in 1988. Last year the figure was 4 per cent.

Most remarkable of all, the first stage of Vietnam's shift from central planning to the export-oriented industrialisation policies that have been so successful elsewhere in Asia was achieved with hardly any assistance from foreign donors.

It was only in July that the US withdrew its objections to multilateral aid for Vietnam from the World Bank, the International Monetary Fund and the Asian Development Bank.

The US bilateral economic embargo dating back to the communist Vietnam War victory in 1975 remains in force, but the boycott is now at least as frustrating for American companies as it is for Vietnam.

So much foreign aid money will flood into the country – Vietnam was promised $1.86bn at its first donors' conference in Paris this month – that the management skills of the government's Soviet-educated ministers and bureaucrats will be severely tested.




Construction workers in Hanoi: a flurry of building is under way in the once sleepy capital *Sarah Murray*

The government has set a target of doubling Vietnam's GDP in the current decade, and it estimates that success will require a total investment of about $40bn – of which half is supposed to come from domestic sources and the remainder from foreign direct investment and foreign aid.

Vo Van Kiet, the prime minister, readily acknowledges the enormity of the task that lies ahead. In an introduction to the Vietnamese document prepared for the donor conference, he lamented the decline of social services and the severity of unemployment.

He also emphasised the importance of repairing the country's battered infrastructure and spoke of the need to strengthen the legal system in order to allow the market economy to work properly.

"There is still much for us to do and there remain many difficulties to overcome in order to carry on with our renovation programme and to realise our socio-economic goals," he wrote.

Mr Kiet and his reformist allies are operating in a difficult political environment. Advocates of reform say social services were already declining under the bankrupt policies of the past and that the switch to a market economy – bringing with it the benefits of foreign aid and investment – was made only just in time. The World Bank, for example, estimates that half of Vietnamese children under six are malnourished.

The inevitability of reform, however, has not prevented many Vietnamese from resenting the rampant corruption that has accompanied economic growth or from complaining that the good aspects of communism – free education for example – have been thrown out with the bad.

Bereft of a coherent ideology, now that it has abandoned the command economy, the Communist Party of Vietnam is likely to find it increasingly difficult in the years ahead to justify its monopoly of power.

Indeed, the central government is already being challenged by Buddhist monks in Hué demanding greater freedom of religion, and by local governments around the country eager to exercise their own authority and to keep for their own fiefdoms a share of the money generated by investment and economic reform.

One of the hardest tasks for Hanoi on the domestic front will be to nurture the emerging Vietnamese private sector when both local and central government agencies are accustomed to supporting the state enterprises which fall under their control.

The privatisation programme has stalled. Returning Vietnamese exiles, a potential source of capital and business skills, are often surprised after many years abroad to find that they are greeted with suspicion by long-lost acquaintances.

The banking system is in urgent need of reform and a series of draft laws relating to business – including those on bankruptcy, the resolution of contract disputes and the promotion of domestic investment – are queueing up to be passed by the National Assembly at its next meeting in December. Several will have to wait until the subsequent session in June 1994, according to parliamentary officials.

With so many basic tasks still needing to be performed, talk of establishing a stock market in Ho Chi Minh City is being dismissed by the government and by foreign bankers as premature.

On the foreign policy front, Vietnam continues to have a difficult relationship with its powerful neighbour China. Beijing periodically sends ships into areas that Vietnam says are in its territorial waters, including zones set aside for oil exploration.

This is one reason why Vietnam is anxious to restore full diplomatic ties with Washington. The US is regarded as the only plausible counterweight to Chinese expansionism in the region.

Given the difficulties Vietnam faces, it is enough to hope that the country will be able to emulate east Asia's "dragons" and achieve sustained economic growth into the next century.

To expect Vietnam to go further and avoid the worst tendencies of its fast-growing neighbours – including corruption, environmental destruction and a widening gap between rich and poor – would probably be over-ambitious.

"Some people talk about the dragon," says Do Duc Dinh, a Vietnamese economist, "but I think it may take three or four decades to come to that, and it depends on our efforts."

In the eyes of some of the country's more thoughtful citizens, the Vietnamese are enjoying themselves too much, too soon.

Despite impressive gains, sustaining economic growth will be hard, says **William Keeling**

The capitalist spirit is unleashed

It would be a brave person, and probably foolish, to deny that Vietnam will be among the world's fastest growing economies over the next few years. The government's 1986 decision to abandon the command economy has unleashed the country's capitalist spirit.

While Vietnam remains extremely poor – the government estimates annual per capita income at $220 – growth in gross domestic product between 1989 and 1992 averaged 7 per cent. Growth is likely to be sustained this year and rise to more than 8 per cent in 1994.

The move toward a market economy has profoundly affected the lives of Vietnam's 70m people. More than 1m workers and soldiers have been removed from the public sector and over a third of the country's 12,000 state enterprises have been closed or merged. Instead of experiencing an east European-style economic collapse, Vietnam has responded vigorously.

Exports have grown from $1.3bn in 1988 to $2.5bn last year, while the trade balance improved from a $350m deficit to a $61m deficit in the same period. This was achieved in spite of the collapse of the Soviet Union, on which Vietnam had relied for aid and as its principal trading partner.

In the shops, more food, cigarettes and beer are available than at any time in the past two decades as well as a plethora of consumer goods, from video recorders to cuddly toys.

Perhaps most remarkable, this has been achieved in a period of tight monetary control – inflation has fallen from 70 per cent in 1990 to an annual rate of below 10 per cent – and without financial help from donor agencies such as the International Monetary Fund (IMF) and the World Bank; the US had blocked multilateral aid to Vietnam until July this year.

Instead, the principal source of foreign investment has been from foreign private companies eager to benefit from a relaxed investment climate and low wages. Since 1988, more than 780 projects worth $6.8bn have been approved, with actual investment totalling $2bn.

Vietnam is also diversifying its export base with the two leading products, crude oil and rice, accounting for less than half total exports last year. Exports of seafood, textiles, shoes and agricultural goods such as rubber and coffee are increasing.

Against this background, it might be churlish to suggest that big obstacles exist to the government's target of doubling GDP by the end of the century. Nevertheless, while gains to date have been impressive, Vietnam may struggle to keep its development on track.

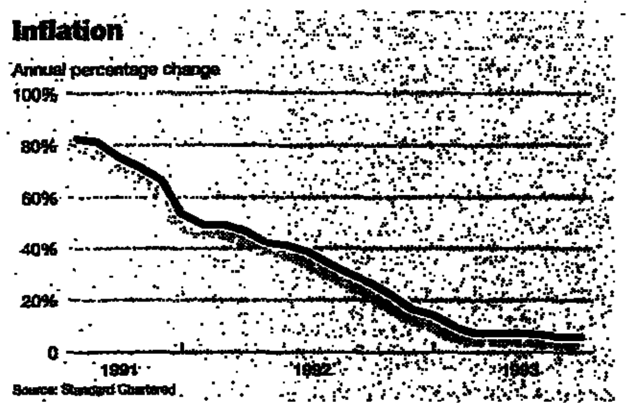
Of particular concern is the banking sector. Vietnam needs to avoid the mistake of other developing countries, such as Ghana or Indonesia, which restructured their banking systems too late. The issue of *the sector's bad debt*, undercapitalisation and poor management must be a priority in the development process, according to foreign investors.

Foreign investment approved and implemented

	Number of projects	Investment approved ($m)	Investment implemented ($m)
1988	37	364	–
1989	69	539	200
1990	108	600	200
1991	150	1,223	200
1992	198	1,937	300
1993 (to June)	133	1,551	500
Total	695	6,214	1,400

Source: State Committee for Co-operation and Investment (SCCI)

Inflation



Source: Standard Chartered

The greatest danger to liberalisation is that government officials may object to the results of the new policy

The large number of state enterprises remains a problem. Accounts supplied by the enterprises show a third as profitable but accounts are unreliable and profitability often depends on subsidised *credits supplied by the treasury* and the state-owned development bank.

Donors say the government must also improve its handling of infrastructure projects. The north-south high voltage power line being constructed is likely to exceed its planned $500m cost by about 25 per cent. The World Bank estimates that between 1993 and 2000, Vietnam needs to invest a further *$2.6bn in the power sector* and $2.8bn in roads, ports and inland waterways to maintain the pace of development.

On a more positive note, the US decision to lift its objection to foreign funding allows Vietnam to call on western donors to help finance these projects. The IMF in October approved credits totalling $233m, while in early November the World Bank and the Asian Development *Bank gave the green* light to six projects with loans totalling $488m.

The World Bank estimates Vietnam will require aid disbursements of about $550m a year in 1994-95, rising to $1bn by 1997 if its high level of growth is to be sustained. This level of disbursement, given the lead-time to initiate projects, will require far higher *commitments, hence the* November 10 decision by donors to pledge Vietnam $1.86bn for the year ahead.

Donor finance alone, however, will not guarantee economic growth. Much will depend on the government's ability to absorb the aid efficiently and avoid the problems of, say, Bangladesh, where a backlog of projects exists. The machinery of government, which administers an *annual* budget of about $1.8bn, will be stretched by the influx of aid.

Donors are likely to demand a more transparency in the government's finances. Important areas of revenue, particularly from oil exports, are not yet fully revealed in the budgetary accounts.

But the greatest danger to economic liberalisation is that government officials may object to the social and political results of the new policy.

The freeing of the economy has already increased friction between the Hanoi central government and provincial governments, particularly in Ho Chi Minh City. Provincial governments are modifying Hanoi *regulations in areas such as* foreign investment and taxation to facilitate greater local autonomy.

The move toward a free market has also left a grey area between what is a state-owned and what is a privately-owned company. Local economists say many enterprises *officially* owned by provincial governments are now, in practical terms, operated for the benefit *of their managers and employees*.

Such companies may set up autonomous subsidiaries and may have three sets of accounts: one for the government – to which a nominal sum might be paid each year – another for the workers and their profit-sharing scheme, and yet another for the managers.

What appears to be happen*ing is a slow metamorphosis of* state-owned companies into private sector businesses, except that the legal ownership structure remains unclear and the companies – having failed to shake off their Soviet-style accounting systems – put more emphasis on turnover than on profit.

There are reasons to be alarmed by this process. Of *immediate concern is that the* close relationship between the management of these "state-owned" companies and local government is likely to suppress true private sector entrepreneurs.

A forthcoming law governing domestic investment may ease this but investment data shows that genuine private companies remain almost exclusively small-scale and only a few sectors, such as retailing, have seen rapid growth. Most foreign investors form joint-ventures with local companies but of the 780 investment approvals granted since 1988, only seven have involved private Vietnamese companies. Of these, three have been revoked.

Of the 200 priority projects drawn up by the government to attract foreign investment – ranging from food processing to heavy industry – none of the proposed Vietnamese counterpart companies is private sector.

Replacing the command economy, therefore, is an economic system which is far removed from the free-market *ideal, with a relatively small* number of politically influential enterprises – some of which appear to be well-run – dominating important business sectors; the hotel industry, usually controlled by city or provincial people's committees, is one prominent example.

The government, which remains Communist in name, may struggle under the new *system to achieve political* objectives such as an equitable distribution of wealth. The lesson from Indonesia, for instance, is that politically influential companies are reluctant tax payers and tend to hoard their riches while demanding business favours.

An impure free market system would also tend to localise wealth. Hanoi and Ho Chi Minh may prosper, but other urban centres such as Hué and Danang would fall further behind. On the macro-level, economic inefficiencies would feed through to slower economic growth.

Neither is it the system envisaged by the Vietnamese officials who have backed the move to a free-market economy. As one official noted, "We are enjoying ourselves too soon, importing luxury cars when the people in the rural areas are still poor. We must try to bridge the gap".

Daewoo's office in Hanoi: foreign companies are eager to benefit from a relaxed investment climate Sarah Murray

Party membership is no longer seen as the only path to prosperity

Communism losing its lustre

Their eyes flicking restlessly to and fro, the plainclothes policemen watching the Buddhist monks at the Linh Mu pagoda are easily identified among the foreign tourists and Vietnamese souvenir hawkers on the banks of the Perfume River.

They are watching with good reason. In May, the dozen *monks at this pagoda on the* outskirts of the old imperial capital of Hué were at the centre of the most serious threat to the authority of the Vietnamese Communist Party for many years.

The trouble began when a man committed suicide at the temple by dousing himself with petrol and setting himself ablaze. The monks, belonging to the Unified Buddhist Church which has long resisted incorporation into the official church sanctioned by the government, said the dead man was a devout Buddhist; the authorities said he had problems with his wife.

When Thich Tri Tuu, the abbot, was taken away for *questioning about the incident*, about 1,000 people staged a demonstration on a bridge in the centre of Hué. A government car was overturned and set on fire before the security forces dispersed the crowd.

Four monks, including the abbot, were among those subsequently arrested. They were sentenced to 3-4 years in jail at a trial in November, according to news agency reports from Hanoi. The unrest appears to have spread from central Vietnam to the south, and the head of a pagoda near Vung Tau has also been arrested.

"There is no freedom of religion," said one of the grey-robed monks at the Linh Mu pagoda recently. "We are trying to develop Buddhism among the people, and most people are Buddhists, so the government is scared. Buddhism does not fit in with Marxism-Leninism ... It is hard for both Catholics and Buddhists."

Supporters of the government and western diplomats say the monks have links to south Vietnamese anti-communists. Yet it was from this pagoda that a monk went to Saigon (now Ho Chi Minh City) in 1963 to perform a much publicised act of self-immolation in protest against the persecution of Buddhists by Ngo Dinh Diem, the South Vietnamese president then confronting the Communist north.

Opinion is divided as to the seriousness of the threat to the government's authority posed by the Hué demonstration. The rise of religious feeling is certainly regarded as more significant than the feeble anti-communist plots organised by dissatisfied south Vietnamese living in exile in the US that are occasionally uncovered by the government.

The interior ministry and the security forces maintain a *tight grip on the country*. Asked about the demonstration, a Hué student said: "The people had a fight with the police. The police won. They took photographs to make arrests. If anyone talks about the incident they go to jail."

In the countryside, where four fifths of Vietnam's people live, the party's control has been loosened by the collapse of agricultural co-operatives and the liberalisation of the rice trade. In the towns, which have an estimated 3.5m unemployed, but no organised opposition to the government has emerged.

"*I don't* see the *Communist* Party fading away in the Soviet sense," says one western diplomat. "It's secure as long as it controls the army. There is no urban intellectual dissidence."

Although it controls the levers of power the Communist Party, like others elsewhere, is floundering

Although it controls the levers of power, the Communist Party of Vietnam (CPV) – like communist parties everywhere – is floundering ideologically. Having adopted free *market economic policies, it is* communist only in its name and its political structure.

By emphasising nationalism and pointing out that the party successfully rid Vietnam of the French and the Americans in the 1950s and the 1970s, the CPV can claim a measure of *legitimacy* and the support of much of the older generation for the one-party state.

But half the population is under 20, and young men and women have no memories of French colonialism or the more recent war against the US and its south Vietnamese allies.

In Hanoi, the CPV has sought to boost its dwindling popularity among the young by promoting such activities as a beauty pageant in the opera house and a beer festival in the Vietnam-Russia Friendship Palace, but with the economy being liberalised to allow the *establishment of foreign and* local private companies, membership of the party is no longer seen as the only path to prosperity and influence.

The party's reputation, meanwhile, has been tarnished by the increased corruption that has accompanied economic reform and the leadership's inability to control its members in the provinces. When the communist people's committee in Ho Chi Minh City closed 44 of the city's 58 nightclubs this year, it emerged that the 14 remaining open were owned by the committee itself.

Whereas many young Vietnamese either ignore the party or want it to loosen its grip, its ageing supporters complain *that some of the good aspects* of communism – free education, for example – have been thrown out with the bad.

Perhaps the best argument that the CPV makes to justify its continued dominance is that it can ensure stability during this hectic period of economic transformation. Vietnamese leaders say that the communist states of eastern Europe were wrong to allow democratisation before reforming their economies, since the resulting anarchy made the introduction of coherent reforms all but impossible. Most Vietnamese and foreign business executives agree; the *Vietnamese* economy is growing fast to the benefit of the whole population.

The *disputes* in Vietnam about the direction and pace of reform will be discussed at a forthcoming party conference, and the fact that the meeting has been put back from December to January indicates the intensity of political manoeuvring within the party's ranks.

Coming in the middle of the CPV's seventh five-year congress, this mid-term review is the first of its kind in Vietnam, and students of communism have noted that similar conferences heralded the collapse of communist parties an the *arrival of democracy in eastern* Europe.

The prime minister must steer a course between those favouring liberalisation and hardliners fearing change

In the absence of any serious contender for power, the immediate effects in Vietnam are unlikely to be so drastic. But Vo Van Kiet, the prime minister who is closely associated with the reform programme, will have a struggle on his hands as he tries to steer a course between those who favour faster liberalisation and hardliners fearful of change.

Victor Mallet


ANZ's Hanoi branch: foreign banks are deterred from lending more to domestic business because the legal system allowing recovery of bad loans is inadequate *Sarah Murray*

■ BANKING

Resources lie thin on the ground

The elegant facades of the commercial bank buildings in Ho Chi Minh City and the imposing exterior of the State Bank of Vietnam (SBV) in Hanoi provide the veneer every banking system requires: stability, respectability and wealth.

But it is not an image that springs to mind for most Vietnamese. Under the former Communist command economy, individuals were unable to hold bank accounts. Neither were private companies, as the concept of a private company was not tolerated.

Individuals and private businessmen either transferred their wealth into durables, such as gold, kept it in cash or deposited it with unauthorised, and often unscrupulous, financial businesses.

Transforming the banking sector so that it can sustain and facilitate a market economy is among the most daunting of the government's tasks.

The first step has been to hive off the separate lending divisions of the SBV into four state-owned commercial banks – the Industrial and Commercial Bank, the Vietnam Bank for Agriculture, the Foreign Trade Bank and the Bank for Investment and Development. The SBV, therefore, now acts as a central bank, in charge of the sector's supervision and as facilitator of the government's monetary policy.

Ten foreign banks have been licenced to open branches, two joint ventures between foreign and domestic state-owned banks established and more than 20 "shareholding" banks created. The latter have a mixed ownership of state and private companies, co-operatives and individuals. Although most shareholding banks are majority owned by state institutions, businessmen regard them as private banks carrying no sovereign guarantee in the event of failure.

While private companies and individuals may now hold accounts, a director of a shareholding bank sounds a note of caution. "The banking system still isn't up to the development of the economy. It's the main obstacle," he says.

Vietnam lacks a sufficiently wide branch network and bankers have yet to win the confidence of individuals and businesses. The scepticism of potential customers is justifiable, notes one local banker, who says banks face difficulties in performing the most basic transaction – allowing customers to withdraw cash.

The fault, he explains, lies in the government's policy of using physical cash as the main tool of its monetary policy. As a result, when the government wants to dampen inflationary pressure, it does so principally by reducing cash in circulation, leading to a paucity of notes.

Understandably, many of the banks' customers demand a guarantee that payments made through the banking system can be withdrawn in cash.

This can only be guaranteed by passing the transaction through the SBV which has the sole authority to issue "cash-cheques". But the SBV will not issue a cash-cheque unless the bank from which the money is being transferred delivers to the SBV the payment in physical notes. "Sometimes, we cannot understand the way the State Bank (of Vietnam) does business," complains one local banker.

A former financial adviser to the government believes senior SBV officials, in spite of recent bank reforms, remain ignorant of how banks operate in a free-market economy. His advice for further reform, given with a wistful smile, is, "Pull out the governor (of the SBV)... He doesn't know banking".

Although other bankers point to the excellent record at

More domestic credit is needed but Vietnamese banks lack the basic skills for the task

controlling inflation of Cao Si Kiem, SBV governor, severe inadequacies in the sector need to be confronted.

The four state-owned banks, which at the end of 1992 had 36,000bn dong in assets, are burdened with non-performing loans and are poorly capitalised.

Donor officials say the proportion of the state-owned banks' non-performing loans has fallen from about 30 per cent of their portfolios in 1990 to about 12 per cent, after a concerted government drive to make state corporations current on loans, by selling assets if necessary.

But local bankers point out that the accounts of state-owned banks and enterprises are poor. More non-performing debt may come to light.

The banks' capitalisation is no better. A recent World Bank report estimated the state-owned banks' capital levels at less than 1 per cent of assets. The banks would require an injection of $250m to bring them up to international capital adequacy standards, and a higher figure if they plan to increase lending.

Economic liberalisation should go hand-in-hand with a relatively fast expansion of domestic bank credit but Vietnamese banks lack the basic skills for the task.

A recent World Bank report notes: "There is as yet no loan classification system – neither in most of the individual banks (with the notable exception of the foreign and joint venture banks), nor even in the thinking of the regulatory authorities".

One step would be for foreign banks to fill the void until the domestic banks' skill levels have been improved. However, "there is an aversion among

The SBV faces a stiff challenge to keep pace with the rest of the economy

the foreign bankers to lend locally," says an Asian banker.

Foreign banks prefer "to pick off the short-term stuff, the trade finance," says a European banker. He says foreign banks would be willing to lend more to domestic business but the legal system allowing recovery of bad loans is inadequate.

The high tax structure for banks – a turnover tax of 4-15 per cent and a profits tax of 50 per cent of net income – also makes them wary of long-term, higher risk lending. Banks are encouraged to hold 30 per cent of deposits with the SBV at negligible or zero interest rates which, being well below the banks' average cost of funds, constitutes a further tax. As a result, banks operate on the thinnest of margins.

The agenda, therefore, for those seeking to reform the banking system is over-flowing.

Given its staff's lack of experience, the SBV faces a stiff challenge to restructure the sector to keep pace with the rest of the economy. The scale of the task "scares the hell out of them (the SBV)," says one foreign banker. "They know they're short on resources"

William Keeling

KEY FACTS

Area	330,341 sq km
Population	69.1m
President	Le Duc Anh
Prime minister	Vo Van Kiet
Minister of finance	Ho Te
Currency	*Dong*
Average exchange rate	1991 $1=9,750, 1992 $1=11,500
	1993 latest $1=10,876

ECONOMY	1991	1992
Real GDP growth (%)	6.0	8.3
Sectoral share of GDP		
Agriculture	38.0	38.2
Industry	22.4	24.6
Services	39.6	37.2
Annual average growth in		
Consumer prices (%)	68.1	17.5
Industry value added (%)	8.8	10.9
Agriculture value added (%)	2.2	6.3
Services value added(%)	8.3	8.6
Money supply (M2)	83.5	17.4
Government finances		
Government expenditure [1]	15.6	20.3
Budget deficit [1]	-2.5	-3.8
Total external debt ($m)	15,311	15,400
(Rouble component converted at a rate of Rbs2.55:$1)		
Trade		
Current account balance ($m)	-133	-8
Trade balance ($m)	-64	-61
Main trading partners [2]	Exports	Imports
Japan	35.0	14.8
Hong Kong	6.0	30.8
Thailand	3.2	2.5
Germany	9.5	1.7
Indonesia	3.8	5.1
Malaysia	5.1	1.6
France	3.7	7.1
EU	17.1	12.6

(1) As a % of GDP (2) % shares of trade in 1992
Sources: IMF, ADB, Economist Intelligence Unit, World Bank.


State-owned Legamex's factory in Ho Chi Minh City: prospects for privatisation are receding *Victor Mallet*

William Keeling looks at obstacles to privatisation

Progress is patchy

Along with its commitment to a free market, investors might have expected the Vietnamese government to undertake a programme to privatise state-owned enterprises.

But after expressions of intent in 1991 progress toward privatisation has been piecemeal. Companies that investors might wish to buy are not for sale and many of those on offer have been withdrawn.

The tale of two companies in Ho Chi Minh City – Saigon Brewery, Vietnam's dominant beer producer, and Legamex, a garment and footwear manufacturer – provide an insight into the operations of state industry and the obstacles to privatisation, or "equitisation", as the government call it.

Among the most striking aspects of economic liberalisation has been the energetic response of some state companies to greater competition. Production at Saigon Brewery, owned by the Ministry of Light Industry, has risen from 72m litres in 1991 to a forecast 110m litres this year, accounting for one-third of Vietnam's total beer production.

"It's the difference between a centralised economy and a market economy," says Ngac Van Giau, the brewery's vice-director. It is also, he admits, the result of a $23m programme to refurbish the plant.

A bottling line purchased from Germany and new fermentation equipment have reduced losses from 12 per cent of production to 1 per cent. The company financed the refurbishment from internal resources and is one of Vietnam's largest tax payers, Mr Giau says. Saigon Brewery expects to pay the state 542bn dong in taxes this year, up from 165bn dong in 1991.

How profitable the company is remains unclear. Its accounting system carries the legacy of the command economy with the emphasis on turnover. Salaries are paid according to production, not profitability.

Nguyen Xuan Oanh, a private sector economist, says the accounting method of state enterprises "is all wrong. Depreciation has never been taken into account". Nevertheless, most businessmen agree that Saigon Brewery would have to pour beer down the drain to lose money.

The industry has, not surprisingly, drawn the attention of foreign investors but the government has limited entry to the sector, described by Nguyen Mai, vice-chairman of the State Committee for Co-operation and Investment (SCCI), as "extremely profitable".

While some early applicants received SCCI approval, further investment in the beer industry must now be vetted by the prime minister's office. As for Saigon Brewery, it is not on the list of companies waiting to be privatised. As Mr Giau explains, privatisation only "applies to businesses which are not profitable".

State employees in inefficient companies oppose privatisation for fear of losing their jobs

Legamex, on the other hand, is slated for privatisation and is touted as one of Vietnam's best managed state enterprises. Yet after two years of wearing the For Sale tag, the company remains in state hands and the prospects for privatisation are receding.

In a sprightly piece of research in 1991, Credit Lyonnais Securities described Legamex's garment operations as a "Win-Win" business. Since then, the company, which is owned by the Ho Chi Minh City Department of Light Industry, has suffered a serious setback with a tight export quota being placed on its principal product, jackets.

In 1992, Legamex exported 1.7m jackets to Germany; this year its quota for the entire European Union has been set at 475,000 pieces. The company, which also has embroidery and leather goods divisions, has tried to switch production to shirts but rows of sewing machines lie dormant.

"When the government informed us of the quota, we were very upset," says Nguyen Thi Son, Legamex chairman. The company, which had not anticipated the quota restrictions, found itself with excess stocks of materials and finished products.

Mrs Son is optimistic that the company will be privatised but problems remain. The most immediate is negotiation over a $12m seven-year loan, taken in 1991, from International Investment Bank (IIB), a consortium of 12 banks from former eastern bloc countries.

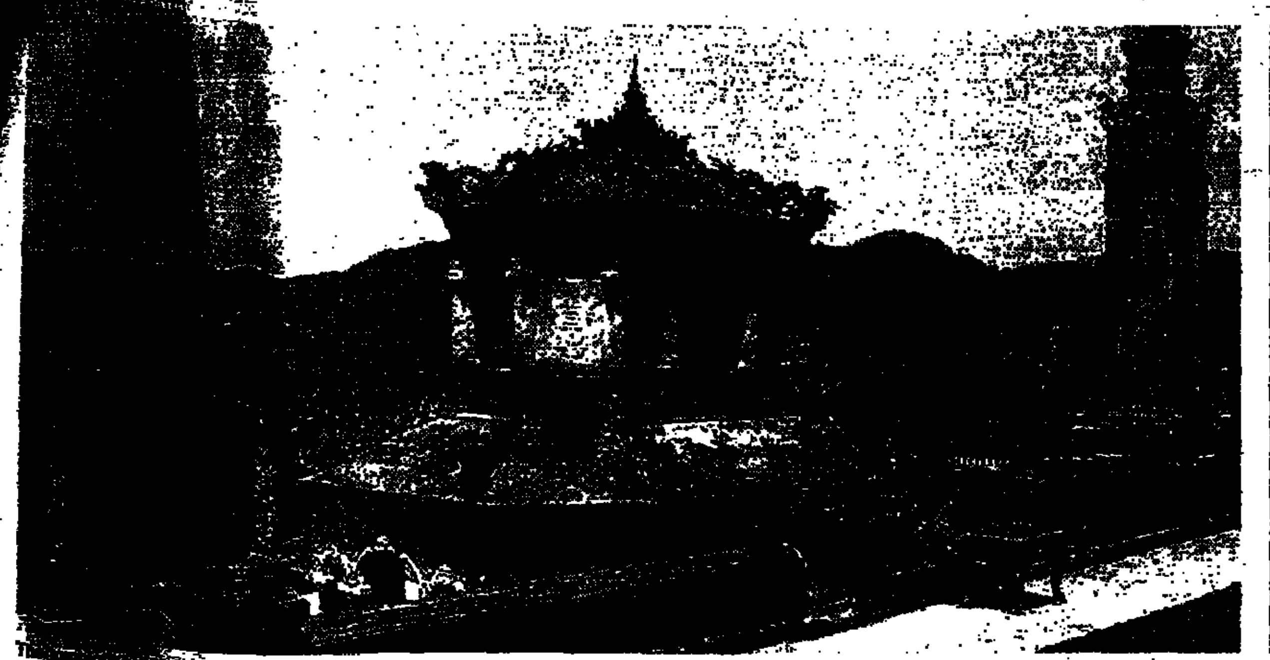
Mrs Son believes a repayment of 40 cents to the dollar could be negotiated. But Legamex is one of six state companies with IIB loans and the government wishes to negotiate collective repayment at 20 cents to the dollar, she says. Legamex's interest payments on the loan totalled 12bn dong last year, reducing profits before tax to just 2bn dong on turnover of 126bn dong. The company anticipates similar figures this year.

Given the small profit, foreign investors "are not interested in taking over the entire company. They're interested in taking over bits", leaving the loss making divisions in state ownership, says one European banker.

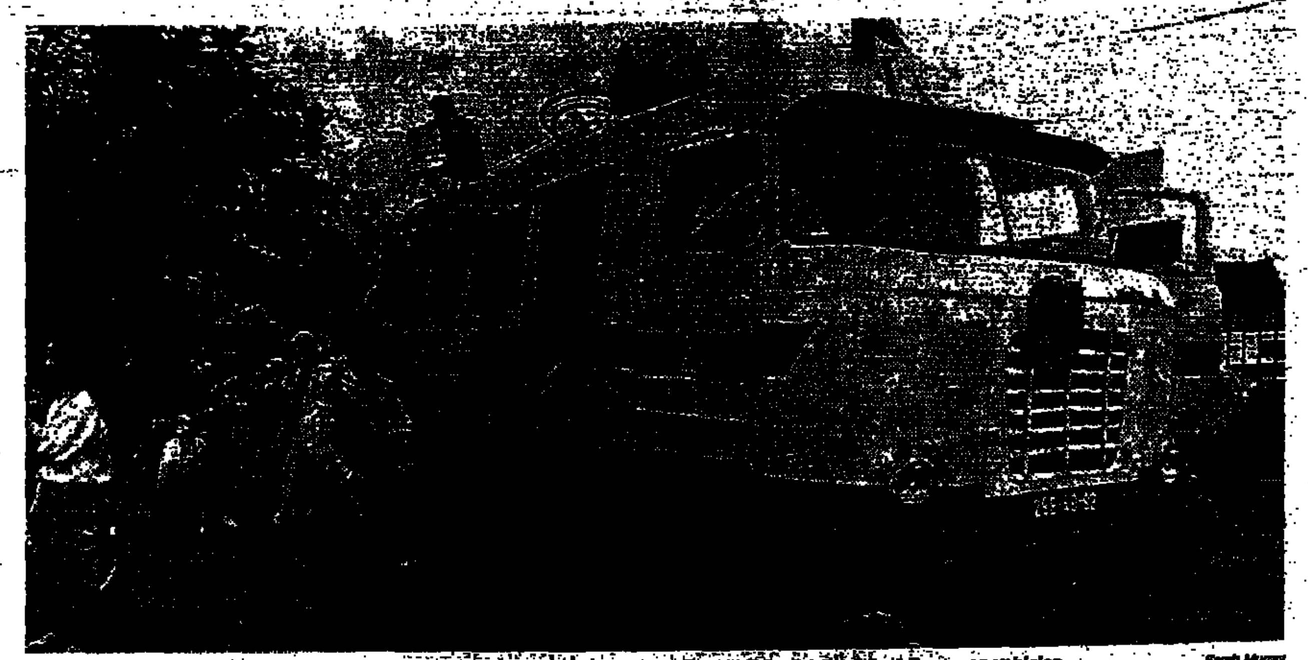
But the biggest obstacle to privatisation may be political. A recent press campaign, backed by government labour unions, has accused Legamex executives of corruption and nepotism. Businessmen in Ho Chi Minh City say Mrs Son's enthusiasm for privatisation is proving unpopular with local government officials.

"Privatisation was never going to be easy in this country," a banker explains. Opposition is in part ideological – some communist sentiment remains – but mostly springs from self-interest, he says.

State employees in inefficient companies oppose privatisation for fear of losing their jobs. At better-run enterprises, managers and workers are benefiting from the profits – either through official profit-sharing schemes, or by means of unofficial payments. They feel privatisation would dilute their income. Few companies, therefore, are willing to leave the state's embrace.



[illegible], Hué: Vietnam offers vastly different fare from well-trodden destinations elsewhere in Asia — Sarah Murray



For the hardy traveller only: transport is made difficult by the appalling state of roads and ageing eastern European vehicles — Sarah Murray

Mark Graham voices concern about the rush to develop tourism

Instant dollars a threat

F[illegible] from now, Hanoi's [illegible]ded avenues are [illegible] cars, Ho Chi Minh City's streets are clogged with traffic[illegible], Vung Tau's beaches are surrounded by sterile high-rise apartment blocks and hotels and the peace of [illegible] Bay is shattered by hundreds of tour boats.

Such is the overweening desire to promote tourism in Vietnam that this prediction is more than likely to be fulfilled.

Vietnamese officials have in recent years travelled widely among neighbouring countries, such as Thailand, to see the results of south-east Asia's tourist boom. Without exception they voice concern over tourism's often negative impact on the environment, threats of uncontrolled growth around scenic areas and lack of infrastructure to sustain tourism in the long term.

But evidence suggests that the immediate need for foreign exchange will overrule most of these considerations and rapidly lead to the production of familiar touristic eyesores.

After years of isolation, it is only during the past three years that Vietnam has welcomed foreigners with open arms, and even then it has directed them to a relatively small number of destinations such as Ho Chi Minh City, Hué, Hanoi and Ha Long Bay. Nevertheless officials claim that more than 500,000 tourists will visit Vietnam in 1993 generating more than $200m in foreign earnings.

The attractions are obvious – a little visited country with a fascinating past, areas of great scenic beauty, the romance of an Asia still living in the past and an excellent and varied cuisine. And it is cheap.

For the hardy traveller, prepared for the unexpected and the stimulus of exotic adventure, Vietnam offers vastly different fare from the predictability of well-trodden destinations elsewhere in Asia.

With the exception of Ho Chi Minh City and Hanoi, decent hotel accommodation is in short supply.

Transport is made difficult by the appalling state of roads and railways which have suffered from 50 years of war and neglect. A limited number of vehicles are available for hire and the public transport system creaks under the combined weight of humanity and the inheritance of ageing eastern European trucks and buses and still older vehicles left by the Americans in the 1970s.

In an effort to conserve the environment and offer more exotic destinations to visitors, the government is looking at national parks and wildlife sanctuaries to see if they can be sensibly exploited.

Some of these areas, such as Nam Cat Tien, where a small number of Javan rhinos roam a lowland swamp forest reserve 150km north of Ho Chi Minh City, will remain off-limits. Others, such as Cat Ba island in Ha Long Bay offer immediate opportunities for small groups intent on adventure and exploration.

Ha Long Bay has long been considered one of the world's most spectacular seascapes. Hundreds of limestone islands, reminiscent of a Chinese landscape painting from Gwailin, emerge suddenly offshore from the flat Red River delta. Stretching more than 150km, the area is populated with hundreds of small fishing villages (and smugglers plying their trade between Hainan island and the Vietnamese mainland).

Among the many motorised fishing vessels it is still possible to admire the graceful shape of a junk slowly wending her way through the maze of inlets and islands. For the most part uninhabited, many of the islands offer pristine beaches and countless unexplored caves.

Cat Ba, the largest, covers more than 150 sq km with its rugged limestone hills and heavily forested valleys.

Part of the island is a national park, home to the rare golden-headed langur monkey, numerous birds, the flora of evergreen tropical forests and a multitude of exotic butterflies.

The forestry department's headquarters provides simple accommodation for about 30 people. Other diversions include visits to ancient fishing villages and enjoyment of plentiful fresh seafood.

Although few organised tours exist to the more inaccessible parts of Vietnam, the department of ecotourism at the University of Hanoi will organise small group expeditions, obtaining the necessary provincial permits and providing transport and guides.

Tourism offers instant dollars but it is hard to determine where this fits into overall government policy of trying to feed one of the most densely populated and poorest countries in the world.

The arrival of multinational hotel chains, the sale of land concessions to foreigners for the construction of golf courses and an increasing mass of ignorant tourists suggest that the heroic discipline which served the Vietnamese so well throughout two anti-colonial wars has deserted them.

Idyllic though Vietnam may now be, the temptations of easy wealth will ensure that today's unspoilt land will soon become another case of too much too quickly.

Mark Graham is a Bangkok-based naturalist and business consultant who has co-authored books on the national parks and wildlife of Thailand.

Iain Simpson examines the government's plans to exploit its oil and gas fields

Tapping into undeveloped reserves

As its joint oil venture with the former Soviet Union lurches from one crisis to another, Vietnam is looking at ways of making more money out of its oil and gas reserves.

The government's priority is to recover the gas now being flared off by VietSovPetro, the joint venture between Hanoi and Moscow. Plans to exploit gas from undeveloped fields are also being assessed and exploration contracts will soon be let on other areas.

The Australian company, BHP Petroleum, has struck oil in the Dai Hung (Big Bear) field it is drilling off the south-east coast of Vietnam. BHP officials say their floating production system means the find can be exploited soon – certainly by the middle of 1994.

> **British Gas believes there is a large market for gas in Vietnam that has not yet been tapped**

BHP estimates recoverable reserves in the field at 7-800m barrels of oil. The company also says 2-3,000bn cubic feet of gas exists in Dai Hung. The gas from Dai Hung will not be piped out until well into next year but the state oil company, PetroVietnam, is pursuing ways of recovering gas from the Bach Ho (White Tiger) field, the only Vietnamese field from which oil is now being pumped.

Bach Ho was discovered by Mobil in January, 1975, but three months later the company was forced to abandon its drilling rigs and flee the country in the face of the advancing North Vietnamese troops. Two years later, Vietnam established its own state oil company, PetroVietnam.

In 1981, the state company set up a joint venture with the Soviet Union, VietSovPetro and three years later the first oil was pumped out of Mobil's field. Since then, VietSovPetro has been draining the reserves at Bach Ho and flaring off the associated gas. It is producing 130,000 barrels a day.

Critics in the oil industry say the Soviet technology is out of date and the oil reservoir is not being properly conserved by VietSovPetro. Indeed, PetroVietnam has just let two contracts – one for reservoir management and one for rig maintenance – to foreign companies. These tasks are normally carried out by the company drilling the wells.

A proposal to recover gas from the Bach Ho field has also been put out to tender and British Gas, one of the companies bidding for the scheme, believes there is a large untapped market for gas in Vietnam.

The project is split into two phases: under the "fast track" phase one, an underwater pipeline will bring the gas onshore near the south-eastern port city of Vung Tau. Five foreign engineering companies have bid for this $100m-$150m contract and the tenders are to be examined by the middle of next month.

Phase two involves an expansion of the pipeline capacity from phase one and the construction of an LPG plant. Industry sources say three foreign consortia have bid for this second phase of the project, worth $400m.

At least one of these bids has been in since June and the bidders are pushing the government to make an early decision, saying that otherwise the reserves will continue to diminish as they are flared.

Hanoi is also keen to discover and exploit other potential reservoirs of gas offshore and is seeking bids from companies to exploit gas reserves in offshore blocks which are now being drilled for oil.

The gas pumped ashore by the phase one pipeline, which Hanoi hopes will be completed by the end of next year, will be used mainly to generate electricity at a power station near Vung Tau. Industry sources say the turbines, now powered by imported fuel oil, can easily be adapted to use natural gas.

There is currently almost no domestic market for gas in Vietnam, except for a small onshore field in the north, used for electricity generation and piped to a ceramics factory.

British Gas, which leads one of the consortia bidding for phase two, believes the higher volume of gas brought onshore can be used to develop a domestic market. A study carried out by the company 18 months ago concluded that in the short term, the Vietnamese market could absorb 2bn cubic metres a year.

Phase two could bring between 1bn and 1.5bn cubic metres onshore annually and British Gas says it wants to promote the use of natural gas among industries in the south which now rely on electricity.

Power is in short supply in the south, particularly in Ho Chi Minh City. However, the government is spending $500m on a north-south power line to carry excess electricity from north to south and may not welcome attempts by foreign companies to promote alternative sources of power.

After a gap of 18 years, a team from Mobil is back in Vietnam, led by regional vice-president Bob Aberbach. The company has bid for a production-sharing contract on the Blue Dragon field, which will soon be awarded by the state oil and gas corporation.

At the time of writing, the US trade embargo against Vietnam prevents American companies from doing most kinds of business in the country but, under the recently relaxed rules of the embargo, American oil companies can go a long way towards exploring potential fields. "We can sign production-sharing contracts, carry out exploration drilling and appraisal drilling, which is the first stage in any production-sharing programme," Mr Aberbach said.

Victor Mallet looks at the obstacles to doing business in Vietnam

Patience an essential tool

The physical difficulties of doing business in Vietnam are being eased but the bureaucratic, legal and political obstacles to securing a successful deal remain almost as formidable as ever.

Those who arrived in Vietnam immediately after the enactment of the country's first foreign investment law in December 1987 had to overcome the most basic transport and communications problems.

Many of these have been resolved. Taxis now circulate in the capital Hanoi and in Ho Chi Minh City, the southern commercial centre formerly called – and still known as – Saigon; international direct dialling is available from even modest hotels; frequent international flights connect both cities and Vietnam Airlines has added leased Airbuses, Boeings and ATR aircraft to its ageing Soviet fleet for both domestic and foreign routes.

Multilateral and bilateral donors, such as the World Bank, the Asian Development Bank and the Japanese government, are starting the task of repairing and upgrading roads, ports and other infrastructure left in a sorry state by decades of war and communist rule.

But Vietnam's policy of *doi moi* (renovation) – its equivalent of *perestroika* – and the government's official adoption of free market economics has not eased problems for foreign investors. Some companies have abandoned their projects after months of frustrating negotiations.

The experience of the first five years of foreign investment in Vietnam suggests that the principal obstacles to sealing an agreement are frequent conflicts between the central and local governments with their own agendas. "The power of the emperor ends at the village gate," is an old saying that has become increasingly popular among Vietnamese and foreign executives in recent months.

The central government is acutely aware of the threat to foreign investment posed by free wheeling local officials

A local communist people's committee will usually try to ensure that one of its own subsidiaries is the partner in a joint venture with a foreign company, or it will want to charge for the lease of state land above the limits set by Hanoi; the people's committees vet project proposals in their territory and are therefore both players and referees.

The central government is acutely aware of the threat to foreign investment posed by free wheeling local officials and is trying to reimpose its authority on the provinces. "The decision-maker must be the central government," says Nguyen Mai, vice-chairman of the State Committee for Co-operation and Investment.

Meanwhile prospective investors must ensure that their negotiations with the central and local authorities are heading in the same direction; approval from Hanoi is of little benefit if the people's committee in Ho Chi Minh City where your factory is located is going to make life difficult.

Investors planning to export what they produce and with no need of a local distribution network often opt for 100 per cent foreign ownership.

Others usually take the easy way out and form a joint venture with a local government enterprise or with a company controlled by the relevant national ministry.

There are several significant risks attached to doing business in Vietnam besides the uneasy relationship between Hanoi and the regions.

The legal system is rudimentary, and the influence of your contacts or partners is more important than the application of laws – if there is one to cover your particular situation.

The government plans to introduce a bankruptcy law and improve commercial contract law, but for now disputes are referred to local arbitration panels which have no powers of enforcement.

Even the foreign investment law contains internal contradictions. It includes guarantees against nationalisation, but amendments introduced last year suggest that Vietnamese companies have the right to buy into the foreign share of a joint venture in "important economic sectors". Foreign lawyers urge investors to ensure their agreement states that the business is not "important".

Investors are also advised to insist on the right to hire their employees directly rather than through a government agency.

Another concern for both foreigners and Vietnamese is the confused and apparently arbitrary tax system, which includes a turnover tax on business, personal income tax of up to 50 per cent, a complex import tariff scale and local taxes. Again there is a lack of co-ordination between the centre and the regions, with different provinces making different demands on taxpayers.

A high-profile campaign to eradicate corrupt practices has been launched, but bribery remains common

One irritating if understandable countrywide feature of life in Vietnam is dual pricing. Foreigners pay between two and and 10 times as much as Vietnamese for services ranging from domestic flights to access to ancient monuments.

Corruption is widespread. The government has launched a high-profile campaign in an attempt to eradicate corrupt practices, but bribery remains common both for petty transactions such as visa applications and in business dealings.

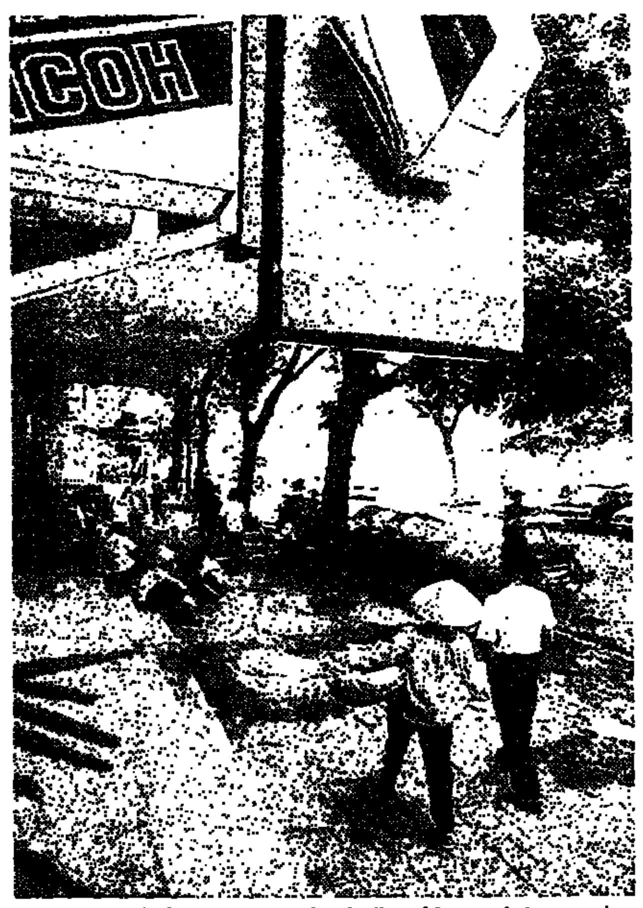
For example, one foreign businessman, said it was normal to over-invoice the health ministry for pharmaceutical supplies, with the difference between the actual cost and the invoice total going to ministry officials.

As a Vietnamese banker points out, corruption is unlikely to disappear when civil servants with nominal salaries of $20 or so a month are overseeing $1m contracts.

Lastly, the banking and accounting systems in Vietnam are rudimentary. Cash dollars and dong, the Vietnamese currency, are both used freely in urban areas and it is not difficult at present to obtain foreign exchange. But personal cheques for domestic accounts do not yet exist; most employees are paid in cash.

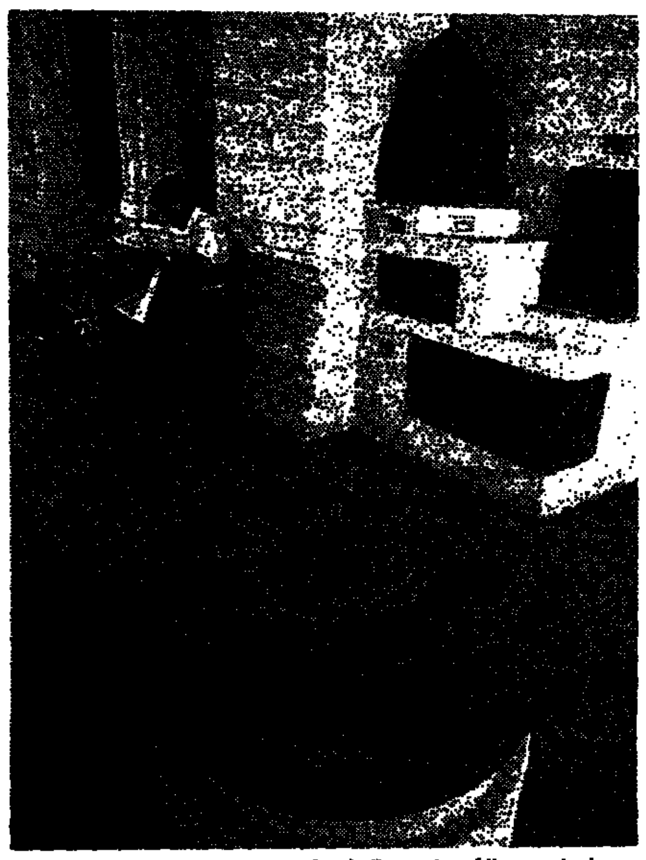
Many of the problems detailed above are the inevitable result of Vietnam's rapid switch-over from a Soviet-style command economy to a free market system requiring new regulations which have yet to be enacted; others are common to fast-growing economies elsewhere in Asia, such as Indonesia and Thailand.

If the Vietnamese government succeeds in pushing the necessary legislation through the National Assembly and in enforcing the laws thereafter, the investment climate in Vietnam will be much improved.



Renault's Hanoi office: government's adoption of free market economics has not eased problems for foreign investors *Sarah Murray*

Business guide



The *Cham Museum* in *Danang*: tourism in the centre of the country is developing at a more sedate pace *Sarah Murray*

■ Getting there

Vietnam is served by an increasing number of international and regional airlines, including Air France, Lufthansa and KLM. Visa and entry formalities are generally straightforward, although visitors are sometimes presented with an extra "application to enter" form at the airport which requires a passport-sized photograph.

■ Currency

Visa and Mastercard – but not American Express – can be used at major hotels; the US economic embargo excludes the use of any credit cards and travellers cheques issued by US banks.

It is advisable to take a substantial amount of US dollars in cash for transport and accommodation, especially if you are travelling in the provinces.

Theft and other crimes are on the increase, especially in Vung Tau and Ho Chi Minh City in the south.

■ Information

Commercial and economic information in English is widely available inside Vietnam, but the local press is not free and the best coverage of political developments is in the foreign media. The official Vietnam News, a four-page newspaper in English, is published daily.

The weekly Vietnam Investment Review has comprehensive coverage of economic news. Vietnam Economic Times, a monthly English language version of the Vietnamese weekly of the same name, is expected to be available from March next year.

English is the language of business, although some older people speak French and Vietnam's communist heritage has given the country many Russian and German speakers.

■ Accommodation

New hotels are under construction in large towns, but first-class hotels still tend to be full. Book well in advance and confirm the reservation. Those planning a longer stay will find housing can be extraordinarily expensive for foreigners.

■ The south

In Ho Chi Minh City (Saigon), leading hotels include Century Saigon ($110 to $475 per night, tel (84 8) 231818, fax 292732); Saigon Floating Hotel ($130 to $425, tel 290783, fax 290784); and Continental ($80 to $176, tel 299201, fax 290936).

A favourite for connoisseurs of kitsch is the Rex ($59 to $198, tel 292185, fax 296536), with its rooftop garden complete with rotating illuminated crown. Another hotel with a pleasant rooftop bar – if you don't mind the odd rat – is the Majestic ($45 to $140, tel 295515, fax 291470) by the river.

Saigon has a growing number of restaurants and bars, including the pub on the top floor of the Dragon Inn – a mock-Elizabethan mini-skyscraper near the river – modern bars with war-nostalgia names such as Apocalypse Now, and French establishments such as La Cigale.

La Bibliotheque de Madame Dai, a law library converted into a restaurant, is still going strong under Madame Dai herself. It is better known for its traditional music and dancing displays than for its cuisine.

It is worth visiting the tunnels at Cu Chi used by Vietnamese guerrillas during the war and to the Great Temple of the Caodai religion (prophets include Lenin, Jesus, Mohammed, Shakespeare and Victor Hugo).

■ North and centre

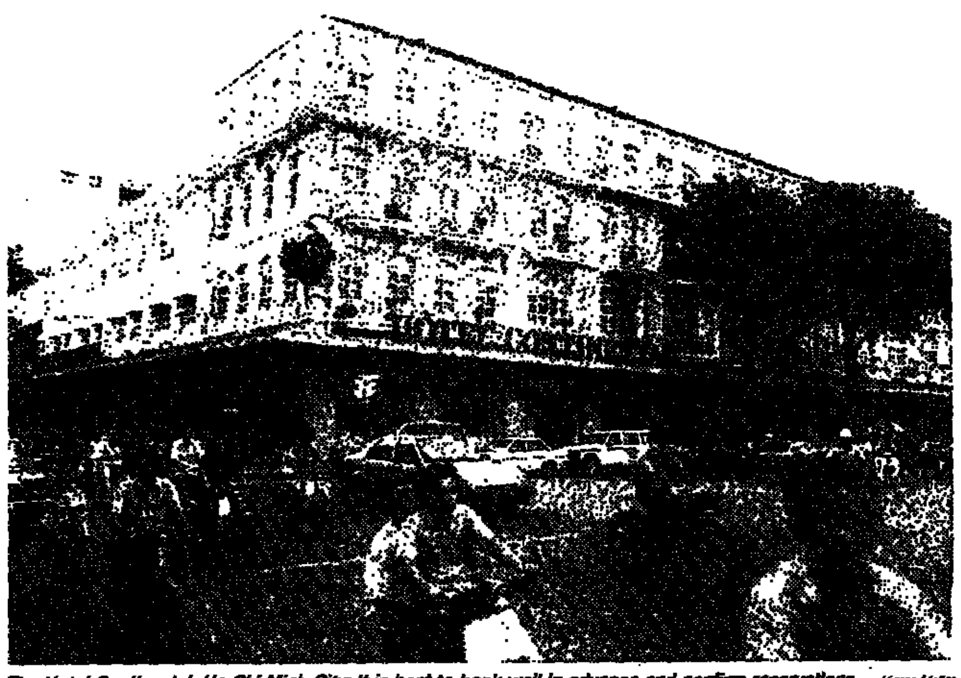
The leading hotel in Hanoi is the elegant Sofitel Metropole ($139 to $294, tel (84 4) 266919, fax 266920). Others include the Saigon Hotel ($60 to $110, tel 268499, fax 266631), and the Army Hotel ($41 to $72, tel 252896, fax 259276).

Hanoi is undergoing the kind of construction and motorcycle-buying boom experienced by Ho Chi Minh City three years ago, but it remains a delightful if dilapidated town of tree-lined avenues, lakes and French colonial architecture.

In the centre of the country, Danang and Hué – the old imperial capital – are developing at a more sedate pace.

The lifestyle of the emperors, with their concubines, eunuchs and mandarins, makes fascinating reading. Emperor Minh Mang enjoyed five concubines a night (he had 142 children), while Tu Duc's tea was made from dew collected from the leaves of lotus plants.

Victor Mallet



The Hotel Continental, Ho Chi Minh City: it is best to book well in advance and confirm reservations *Victor Mallet*

COMMODITIES AND AGRICULTURE

[illegible] prices slip to [illegible] 5-year lows

[illegible] five-year [illegible] markets con- [illegible] last week's [illegible] nisation of [illegible] Countries [illegible] benchmark [illegible] January deliv- [illegible] the psycho- [illegible] barrier, [illegible] to around [illegible] London trading, [illegible] down on Fri- [illegible]

[illegible] little optimism [illegible] analysts that [illegible] recover in the [illegible]

Neither was there much support for Opec's view that winter demand in the northern hemisphere would soon lead to surplus stocks being eroded, thus clearing the way for higher prices. "Prices in a balanced market stay still," said Mr Lindsay Horn, a trader at Lehman Brothers Securities in London.

Yesterday's price weakness was exacerbated by Iraq's announcement last Friday that it was prepared to accept United Nations' monitoring of factories capable of manufacturing military equipment, a prerequisite for a resumption of oil exports.

[illegible] ready to meet Russia [illegible] way on aluminium plan

[illegible] Gooding, [illegible] Correspondent

[illegible] a European [illegible] suggestion that its [illegible] exports to the [illegible] be restricted [illegible] next year and [illegible] level to be set at [illegible]

The Commission is ready to make a concession, moving the total to 240,000 tonnes, and this will be put to the Russian delegation later this week.

Meanwhile, the Commission has extended the temprorary curbs of imports from all the Commonwealth of Independent States for another three months, mainly because it has not been able to organise talks [illegible] republics.

[illegible] reach agreement [illegible] Russia, the main CIS [illegible] and there is even a possibility that details will be announced on December 9 when Mr Boris Yeltsin, the Russian president, may be in Brussels to sign a trade agreement.

Agreement in principal has been reached about the need for CIS export restraint, including a method of double checking by the use of both export licences in the CIS and import licences in the EU.

The commission imposed a restriction on CIS aluminium to "safeguard" the EU industry, saying that only 60,000 tonnes could be imported between August and the end of this month. The curb is to be extended at the same rate, so only another 45,000 tonnes can be imported between December 1 and the end of February.

The commission still insisted that an EU/CIS arrangement would not conflict with attempts to get agreement between most of the big aluminium producing countries who will meet in Washington on Wednesday and Thursday. The Commission's new offer will be made to Russia at these meetings.

Russia is suggesting to the western producers that the industry should cut annual production by 1.5m tonnes, or about 8 per cent, to help bring supply back into line with demand. The US industry is seeking instead an immediate 1.1m tonnes cut in CIS output *– and for its exports next year* to be held at 500,000 tonnes, down from the expected 1.5m tonnes in 1993.

Polaroid scare sends silver price tumbling

By Kenneth Gooding, Mining Correspondent

Silver lost 6¼ per cent of its value in a bout of hectic trading that sent the price plunging 30 cents a troy ounce in New York yesterday after a brief announcement that the Polaroid Corporation had developed a silver-free photographic process.

The precious metals markets were very nervous after a four-day Thanksgiving holiday in the US and gold and platinum took their cues from silver, each dropping $9 an ounce at one stage.

All three metals recovered slightly and steadied by the close in London. Silver ended 15 cents down at $4.51½ an ounce; gold was down $5.75 at $371.25 an ounce; and platinum closed $6 down at $368.75.

*Silver's reaction to the Polar*oid announcement was considerably overdone, suggested Mr George Milling-Stanley, analyst at Lehman Brothers. The full story showed Polaroid was moving further into the medical X-ray business and would begin testing larger prints for its Helios dry-process laser imaging system for medical applications. He said X-rays accounted for less than 8 per cent of silver consumption "and this will affect only a small part of the X-ray market".

Consequently, this was less important than the Xerox Corporation announcement about a silver-free film for the graphic arts market on November 1 – which also sent silver prices spiralling downwards – and would have a discernable impact on 10 per cent of the market.

Mr Milling-Stanley suggested silver might dip a little more before the year end, moving to $4.50 or even $4.25 an ounce. *Gold was unlikely to break out* of its present trading range between $360 and $385 an ounce.

Advisers worried about reduced crop diversity

By Alison Maitland

There could be far fewer crop varieties in future as set-aside and farmers' increasing use of home-saved seed reduce the revenues that plant breeders can devote to investment, according to Adas, the UK government's agricultural advisory agency.

Launching a report on the arable industry yesterday, Mr Melvyn Askew, head of Adas crop development, said this could leave crops more vulnerable to diseases and pests.

"The more diversity we have, the less chance we have of a disease or pest wiping everything out," he said, adding that the area sown with new cereal varieties had fallen by up to 53 per cent in the UK in the past five years.

He also pointed out that the US Department of Agriculture had drawn up a list of 600 new crop varieties that could be developed for non-food uses such as paint, printing ink and fibres, if breeders had the necessary financial resources.

To increase revenues, breeders should receive "intellectual property" payments on home-saved seed, he suggested.

Plant breeding and seed supply are just one of the agricultural service industries to be hit by falling farm expenditure. The report says UK pesticide sales have dropped 13.5 per cent in value from their 1989 high, while inorganic fertiliser sales are down 17.7 per cent in volume from 1987.

The number of tractors sold fell by 37 per cent between 1988 and last year, and the downward trend is expected to continue despite a 30 per cent rise this year due largely to the extra farm income derived *from the* devaluation of sterling last September.

The report examines the impact on farm incomes of reforms of the European Union's common agricultural policy reforms and movements in the sterling.

A typical cereal farm of 200 hectares would have income of £30,000 in *1995 compared* with £31,000 last year and £29,000 this year, if sterling remains at its current exchange rate. However, a 5 per cent strengthening of the pound *would* reduce income to £22,000. In 1991 it was £18,000.

The National Farmers' Union of England and Wales yesterday welcomed government measures to tighten health checks on imported livestock following outbreaks of brucellosis and warble fly in Britain.

The government is to check all livestock imports from countries where there are high-risk diseases and to examine 50 to 60 per cent of all imported animals. Cattle from France are already being checked following the warble fly outbreaks, which originated from French imports.

The government is also pressing for common EU standards to be used by vets who certify the health of livestock.

Mr David Naish, the NFU president, said: "These are all moves in the right direction. It's got to be policed very carefully".

Green cloud hangs over Ecuadorean oil sector

Raymond Colitt reports on a wave of protest that has potential investors worried

Only months before the Ecuadorean government is to invite foreign oil companies to bid for *new exploration blocks in the* country's Amazon region – potentially worth billions of dollars – a new wave of protests by environmentalists and indigenous groups has investors worried.

The latest in a series of actions against oil companies in the region came earlier this month as several aboriginal communities filed a civil law suit against the US oil company Texaco.

The Indians of various tribes in the Amazon forests are demanding of Texaco an indemnity in addition to legal costs of at least US$50,000 for each of the affected inhabitants of the area, which could run into thousands of people. Separately the plaintiffs are to claim clean-up costs that may, according to some estimates, reach hundreds of millions of dollars.

Texaco is accused of negligence, recklessness and intentional damage in its exploration and production activities. *These are alleged to have* increased the risk of cancer, respiratory and gastro-intestinal illnesses and to have caused other personal injuries and property damages.

According to Mr Cristóbal Bonifaz, a lawyer for the *Indians, Texaco did not always* employ technologies and practices that met industry standards. For example, toxic substances, he said, were not disposed of properly, but were rather "dumped" into pits, rivers and bogs or burnt without any pollution control. Mr Bonifaz adds that the environmental damage in Ecuador's Amazon region far exceeds that caused by the Exxon Valdez disaster in Alaska three years ago.

Texaco has not operated in the fields of the Oriente, as Ecuador's Amazonian region is called, since 1990, when its contract with the Ecuadorean government expired and it withdrew after 20 years as the principal operator from a consortium with the state-owned Petroecuador.

The US petroleum company *denies the allegations* and argues that the case should have been filed in Ecuador, where Petroecuador is legally established. Yet the plaintiffs *argue that the defendant* is legally a resident of New York and that all decisions regarding operations in Ecuador were essentially taken in the US.

Meanwhile, Texaco awaits the results of an environmental audit initiated by the *Ecuadorean government itself to* determine exactly what environmental damage has been caused and what the reparation cost might be. The results of a study conducted by a Canadian environmental consulting firm are expected soon. Ecuador's minister of energy and mining, Mr Francisco Acosta, says that he will not sign any new contract with Texaco – which seeks to commercialise petrol within Ecuador – until the environmental review has been completed and Texaco has renewed its commitment to abide by it.

The validity of the audit has been questioned by environmental groups in the US and Ecuador because of the lack of public access to information, the exclusion of local communities from the process and the terms of the audit, which were set by Texaco and Petroecuador.

Laws and regulations that might substantiate specific *infractions against* Texaco are scarce. Ecuador has only recently adopted environmental regulations specific to the petroleum industry. Yet first the court for the southern district of New York must be signed to hear the case.

That considerable environmental damage has been caused in the Oriente is beyond question. Countless acres of rain forest have disappeared, water and soil have been polluted by oil spills and animal habitats have been destroyed. According to a government estimate nearly 17m gallons of oil has leaked out of the Texaco-operated pipeline.

Preliminary results from an independent study by the US-based Institute on Economic and Social Rights indicates that in areas in which Texaco operated there is evidence of the presence of toxic substances like benzine and toluol in excess of levels deemed tolerable by *the US Environmen*tal Protection Agency.

Yet the company maintains that its emergency clean-up efforts were effective and that oil spills, often due to natural disasters, represented only a small percentage of the total amount transported during 18 years of operation.

Texaco is *not the only com*pany accused of environmental improprieties. Only days before the legal suit against Texaco, members of the Cofan tribe – armed with spears and shotguns – forced drilling to be suspended at a Petroecuador site.

The Cofanes demanded that the exploratory work within a national park and close to their tribal lands be halted. Especially indignant at President Durán Ballen's decision to allow resumption of exploratory work after having previously suspended it because of environmental concerns, they contended that they were not consulted about the activities as is required by law.

Confrontation is certain to continue as the Cofanes insist that Petroecuador withdraw from their lands. Petroecuador has already had to shut down one of its most prospectus sites, Tiputini Panacocha also located in the *national* park, following a decree by the government's environmental agency in response to supposed damage.

*Despite assurances to poten*tial investors by the energy minister, potentially interested oil companies are wary of increasing confrontation by *indigenous* peoples *and envi*ronmental groups that might lead to costly legal battles and an image problem at home.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1035.5-6.5	1057-7.5
Previous	1037.5-8.5	1058-9
High/low	1036.5/1036	1060/1054
AM Official	1036-6.5	1056.5-7
Kerb close		1054-4.5
Open int.	268,590	
Total daily turnover	46,223	

■ ALUMINIUM ALLOY ($ per tonne)

Close	922-7	945-50
Previous	923-8	940-5
High/low		
AM Official	922-5	945-8
Kerb close		945-50
Open int.	2,505	
Total daily turnover	517	

■ LEAD ($ per tonne)

Close	420-1	433.5-4
Previous	415-6	428-9
High/low	419	437/431
AM Official	418.5-9	432.5-3
Kerb close		435-6
Open int.	6,210	
Total daily turnover	26,660	

■ NICKEL ($ per tonne)

Close	4655-65	4715-8
Previous	4675-80	4730-5
High/low		4730/4715
AM Official	4655-65	4715-6
Kerb close		4715-20
Open int.	47,842	
Total daily turnover	8,775	

■ TIN ($ per tonne)

Close	4580-5	4630-5
Previous	4620-5	4670-5
High/low	4570	4645/4620
AM Official	4565-70	4625-8
Kerb close		4620-5
Open int.	14,877	
Total daily turnover	2,857	

■ ZINC, special high grade ($ per tonne)

Close	923-4	941.5-2
Previous	924-5	941-2
High/low	924	943/933
AM Official	924-4.5	942.5-3
Kerb close		943-4
Open int.	80,918	
Total daily turnover	22,348	

■ COPPER, grade A ($ per tonne)

Close	1628-9	1651-2
Previous	1633-4	1655-6
High/low	1635.5	1660.5/1651
AM Official	1635.5-6	1658.5-9
Kerb close		1652-3
Open int.	201,938	
Total daily turnover	30,081	

■ LME AM Official £/$ rate: 1.4784
LME Closing £/$ rate $1.4867

Spot: 1.4860 3 mths: 1.4811 6 mths: 1.4758 9 mths: 1.4710

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Dec	73.65	-0.85	74.20	73.50	14,290	5,633
Jan	73.95	-0.50	74.05	73.90	1,387	9
Feb	74.25	-0.60	-	-	948	8
Mar	74.65	-0.60	75.15	74.60	32,228	4,714
Apr	74.80	-0.50	75.30	75.30	381	87
May	75.00	-0.58	75.55	74.90	5,456	793
Total					67,690	11,679

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv
Close	371.00-371.50	
Opening	376.70-378.10	
Morning fix	376.70	254.613
Afternoon fix	371.15	250.423
Day's High	376.80-377.20	
Day's Low	368.25-376.00	
Previous close	376.80-377.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.88	6 months	2.71
2 months	2.78	12 months	2.76
3 months	2.70		

Silver Fix	p/troy oz.	US cts equiv.
Spot	313.10	463.20
3 months	316.90	466.60
6 months	320.70	470.25
1 year	328.60	478.95

Gold Coins	$ price	£ equiv.
Krugerrand	375-381	255-258
Maple Leaf	382.10-384.50	
New Sovereign	87-90	57-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Dec	369.4	-7.8	375.4	368.0	30,032	30,446
Jan	370.5	-7.7	-	-	50	3
Feb	371.5	-7.7	377.5	370.5	61,790	24,633
Apr	373.3	-7.8	380.0	372.0	10,788	1007
Jun	375.2	-7.8	381.2	375.5	15,807	834
Aug	377.1	-7.8	379.0	378.0	5525	64
Total					162,686	57,510

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Dec	365.6	-	369.0	369.0	-	-
Jan	366.3	-9.4	373.6	365.5	11,123	1,055
Feb	-	-	-	-	-	-
Apr	368.0	-9.4	374.5	368.0	3,884	204
Jul	368.9	-9.4	375.0	369.0	1,518	17
Oct	369.9	-9.4	373.2	370.0	16	3
Total					16,544	1,281

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Dec	122.05	-3.05	125.50	121.50	1,047	678
Jan	-	-	-	-	-	-
Mar	121.80	-3.30	125.00	121.25	3,070	682
Jun	120.55	-3.30	124.50	121.00	628	52
Sep	119.55	-3.30	-	-	12	5
Dec	118.55	-3.30	-	-	13	6
Total					4,770	1,323

■ SILVER COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Dec	444.5	-19.8	462.5	438.0	26,081	13,477
Jan	446.1	-19.8	461.5	445.0	42	-
Feb	-	-	-	-	-	-
Mar	449.0	-19.9	467.0	440.0	47,407	8,146
May	452.0	-20.0	471.0	448.0	8,165	258
Jul	454.9	-20.1	474.0	454.0	7,823	484
Total					101,789	22,923

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	15.48	-0.90	15.60	15.10	107,557	72,483
Feb	15.77	-0.88	15.85	15.45	55,109	23,107
Mar	16.02	-0.85	16.05	15.67	30,037	6,449
Apr	16.24	-0.82	16.24	15.87	21,578	3,144
May	16.38	-0.85	16.40	16.07	16,573	1,684
Jun	16.60	-0.79	16.65	16.25	32,803	2,388
Total					304,121	118843

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	14.37	-.11	14.41	13.97	75,989	27207
Feb	14.61	-.14	14.64	14.27	37,420	6234
Mar	14.80	-.18	14.84	14.53	10,741	991
Apr	15.04	-.14	15.04	14.88	7,045	1998
May	15.24	-.15	15.24	14.89	3,285	405
Jun	15.35	-.20	15.36	15.19	3,921	256
Total					144,580	36,715

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	47.90	-2.16	48.30	47.55	27,398	22,162
Jan	48.70	-1.92	48.90	48.05	65,996	21,297
Feb	49.10	-1.97	49.25	48.80	24,708	4,078
Mar	48.45	-1.97	48.70	48.15	18,573	2,574
Apr	47.85	-1.92	48.30	47.80	9,957	333
May	47.05	-1.97	47.45	46.90	12,308	2,583
Total					187,343	56,089

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	160.50	-2.50	160.50	158.00	33,914	7580
Jan	158.50	-1.75	158.50	154.50	31,684	6270
Feb	153.75	-1.25	153.75	152.00	16,238	1546
Mar	151.50	-1.50	152.00	149.50	12,331	1102
Apr	150.25	-.75	150.50	148.25	8,333	818
May	150.00	-2.00	150.00	149.00	2,785	488
Total					116,081	21,886

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	2.307	-0.048	2.310	2.280	23,403	6,600
Feb	2.174	-0.034	2.180	2.140	13,385	1,614
Mar	2.080	-0.034	2.090	2.065	11,243	674
Apr	2.050	-0.022	2.055	2.030	9,398	745
May	2.050	-0.020	2.065	2.040	7,124	209
Jun	2.055	-0.022	2.065	2.040	6,822	158
Total					121,671	11,867

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; $/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	0.4130	-.0250	0.4150	0.4000	22,018	13,584
Jan	0.4315	-.0203	0.4475	0.4125	51,898	18,678
Feb	0.4430	-.0207	0.4435	0.4330	18,708	3,268
Mar	0.4545	-.0212	0.4550	0.4470	13,498	725
Apr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	99.85	-0.45	100.35	99.90	1,391	58
Mar	101.00	-0.85	101.65	101.00	2,002	75
May	102.85	-0.85	103.50	102.85	1,354	37
Jun	104.15	-	-	-	103	-
Sep	90.50	-	-	-	80	-
Nov	91.25	-0.15	91.75	91.50	273	42
Total					5,293	212

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	352/6	-5/0	358/4	351/0	64,305	14,695
Mar	353/2	-4/2	358/2	350/0	158,190	17,350
May	336/0	-3/6	339/0	334/6	27,846	1,800
Jul	326/2	-1/2	327/4	324/4	36,485	4,520
Sep	329/4	-0/4	330/0	329/0	1,365	5
Dec	338/0	-0/4	338/0	336/4	2,940	20
Total					287,345	43,865

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	282/2	-0/4	283/4	281/0	298,845	86,175
Mar	289/2	-0/4	290/4	288/0	698,320	98,450
May	292/0	-0/6	293/2	290/6	278,765	28,195
Jul	291/2	-0/4	292/0	289/6	219,100	20,980
Sep	275/2	-0/6	276/0	274/4	34,030	2,665
Dec	259/4	-	259/6	258/0	123,655	8,025
Total					[illegible]	[illegible]

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	103.90	-	-	-	387	-
Mar	105.50	-	-	-	468	-
May	107.25	-	-	-	190	-
Sep	92.50	-	93.00	93.00	20	20
Nov	94.00	-	-	-	10	-
Jan	-	-	-	-	-	-
Total					1,075	20

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	683/6	-2/0	685/4	677/4	359,160	67,980
Mar	690/2	-1/6	691/6	684/4	161,515	24,270
May	692/2	-1/0	693/4	686/2	115,330	6,530
Jul	692/6	-1/4	694/2	687/4	113,315	10,185
Aug	688/4	-1/0	689/4	684/4	18,135	345
Sep	661/0	-4/0	662/4	659/4	13,225	490
Total					831,425	125,369

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	26.71	-0.15	26.93	26.47	12,474	6,531
Jan	26.79	-0.10	26.95	26.53	25,184	8,191
Mar	26.77	-0.12	26.92	26.57	23,466	4,757
May	26.54	-0.07	26.62	26.33	10,710	786
Jul	26.30	-0.01	26.33	26.05	7,869	836
Aug	25.90	-0.02	25.90	25.70	2,516	75
Total					89,377	23,082

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	207.9	+0.3	208.0	206.1	14,196	4,224
Jan	205.3	+0.2	205.8	204.1	26,014	4,457
Mar	204.5	+0.3	204.9	203.4	19,188	2,221
May	203.4	-0.2	204.0	202.8	8,513	319
Jul	203.6	-0.2	204.1	202.7	8,428	516
Aug	202.7	-0.4	203.0	202.0	3,474	49
Total					83,784	14,239

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	113.0	-	-	-	20	-
Apr	86.8	-1.8	88.0	86.0	1,526	79
May	108.0	-	-	-	398	-
Jun	125.0	-	-	-	2	-
Nov	85.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Total					1,944	79

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	1265	-	-	-	281	-
Dec	1257	-3	1255	1255	218	7
Jan	1255	-	1250	1250	1,072	7
Apr	1270	-	-	-	650	-
Jul	1146	-	-	-	218	-
Oct	1325	-	-	-	178	-
Total					2,885	14

	Close	Prev
BFI	1269	1285

Tea
Landed teas met strong and active demand, *reports the Tea Brokers' Association.* Coloury Assams, particularly pd's, were a very strong feature, gaining 5 to 15p or more. Poorer sorts were steady. Bright east Africans were often dearer by 5 to 10p, while mediums also advanced 3 to 5p. Ceylons met improved enquiry with brighter types often 3 to 8p higher. Offshore: good demand at firm to dearer rates. Quotations: quality 205p/kg (200p/kg), good medium 140p/kg (128p/kg), medium 109p/kg (102p/kg), low medium 97p/kg (95p/kg). The highest price realised this week was 220p/kg for a Rwanda pf.1.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	990	-14	997	988	11,254	4427
Mar	1043	-10	1055	1041	46,732	3971
May	1043	-11	1052	1041	17,393	395
Jul	1039	-10	1051	1039	6,520	221
Sep	1037	-8	1050	1036	9,602	183
Dec	1017	-12	1020	1014	13,028	341
Total					147,365	9,638

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	1267	+47	1267	1245	1,610	92
Mar	1283	+36	1287	1260	43,141	3,197
May	1301	+38	1303	1280	12,910	305
Jul	1323	+39	1323	1295	9,488	255
Sep	1329	+38	1329	1305	6,329	99
Dec	1337	+36	1338	1319	6,500	191
Total					98,081	4,181

■ COCOA (ICCO) (SDR's/tonne)

Nov. 26	Price	Prev. day
Daily	-	-
Nov. 29		
10 day average	-	-

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	1272	+24	1273	1260	95	58
Jan	1287	+30	1288	1265	14,283	689
Mar	1255	+18	1255	1237	13,842	672
May	1229	+22	1230	1209	5,085	134
Jul	1223	+15	1218	1212	382	40
Sep	1223	-	-	-	624	-
Total					34,222	1,593

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	76.80	+0.80	76.85	75.25	1,401	412
Mar	78.40	+0.85	79.85	77.60	33,722	4,159
May	81.00	+0.95	81.00	79.20	5,435	282
Jul	82.35	+0.90	82.30	80.90	1,620	33
Sep	83.75	+1.00	83.05	83.05	805	344
Dec	86.00	+1.00	-	-	511	227
Total					43,857	5,449

■ COFFEE (ICO) (US cents/pound)

Nov. 26	Price	Prev. day
Comp. daily	-	-
15 day average	-	-

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	10.64	+0.01	10.70	10.60	1,155	75
May	10.90	-0.02	10.96	10.88	687	30
Jul	11.11	-0.08	11.15	11.12	2,616	85
Oct	10.92	-	-	-	45	
Total					4,503	180

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	280.80	+0.70	282.00	279.50	8,750	719
May	282.70	+0.40	283.50	283.50	1,593	1
Aug	286.90	-1.10	286.00	286.00	1,477	2
Oct	274.40	-0.10	274.50	274.50	1,689	30
Dec	272.60	+0.50	273.50	273.50	80	20
Mar	274.10	+0.40	275.00	275.00	28	30
Total					13,634	773

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	10.44	+0.11	10.51	10.30	49,566	7,336
May	10.61	+0.11	10.64	10.49	18,760	1,438
Jul	10.61	+0.08	10.65	10.50	13,929	976
Oct	10.56	+0.06	10.60	10.48	11,190	435
Mar	10.58	+0.06	-	-	290	1
May	-	-	-	-	-	-
Total					93,768	10,186

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	61.21	+0.05	62.10	61.00	1,836	221
Mar	62.36	-0.32	63.45	62.30	22,632	3,416
May	63.17	-0.31	64.35	63.00	6,496	1,081
Jul	64.12	-0.06	65.00	64.10	4,795	394
Oct	62.98	+0.04	63.50	62.90	882	105
Dec	62.89	-0.05	63.20	62.80	4,079	203
Total					N/A	N/A

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	99.95	-3.15	103.50	99.00	11,358	483
Mar	102.15	-4.00	106.25	102.15	5,293	158
May	104.45	-4.90	107.90	104.35	1,914	36
Jul	108.95	-4.15	109.10	108.95	603	41
Sep	108.45	-3.85	0	0	848	-
Nov	108.45	-3.85	109.00	109.00	113	1
Total					19,930	719

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Nov 29	Nov 26	month ago	year ago
1627.7	1627.3	1610.8	1563.7

■ CRB (Base: 4/9/56=100)

Nov 26	Nov 25	month ago	year ago
223.05	[illegible]	[illegible]	[illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	72.475	-0.100	72.900	72.325	19,197	1,849
Feb	72.925	-0.150	73.450	72.850	25,549	1,894
Apr	75.275	-0.260	75.775	75.280	14,812	826
Jun	72.800	-0.260	73.300	72.775	11,478	478
Aug	71.700	-0.200	72.075	71.675	4,903	93
Oct	72.100	-0.200	72.350	72.000	1,455	16
Total					77,570	4,646

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	45.600	-0.075	45.800	45.350	5,936	737
Feb	47.175	-0.125	47.800	47.050	9,750	804
Apr	47.400	-0.225	47.775	47.375	3,864	391
Jun	52.825	-0.225	52.975	52.550	2,495	216
Jul	52.300	-0.050	52.400	51.950	585	6
Aug	50.800	-0.150	50.950	50.700	511	3
Total					23,206	2,172

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	52.100	-2.000	53.600	52.100	6,147	790
Mar	52.000	-2.000	53.250	52.000	980	110
May	53.075	-1.575	54.050	52.850	528	43
Jul	53.525	-1.975	54.750	53.500	807	26
Aug	52.625	-1.875	54.000	52.600	208	1
Feb	-	-	-	-	-	-
Total					8,659	970

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Jan	Apr	Jan	Apr
1025	38	65	11	19
1050	23	50	21	28
1075	13	37	36	40
■ COPPER (Grade A) LME	Jan	Apr	Jan	Apr
1600	52	88	11	25
1650	36	73	19	33
1700	23	59	31	44
■ COFFEE LCE	Jan	Mar	Jan	Mar
1200	95	111	8	58
1250	58	86	21	80
1300	31	64	44	109
■ COCOA LCE	Mar	May	Mar	May
975	97	106	39	40
1000	82	93	63	50
1025	56	68	95	75
■ BRENT CRUDE IPE	Jan	Feb	Jan	Feb
1400	70	93	40	60
1450	38	62	65	74
1500	22	50	90	112

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Oct) +or-

Dubai	$12.61-2.66	-.165
Brent Blend (dated)	$14.12-4.14	-0.10
Brent Blend (Jan)	$14.35-4.37	-0.10
W.T.I. (1pm est)	$15.44-5.46	-

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$155-157	-1
Gas Oil	$166-168	-2
Heavy Fuel Oil	$58-60	
Naphtha	$142-145	-1
Jet fuel	$182-184	-2

Petroleum Argus Estimates

■ OTHER

Gold (per troy oz)♣	$371.25	-5.75
Silver (per troy oz)♣	451.50c	-15.0
Platinum (per troy oz.)	$368.75	-6.00
Palladium (per troy oz.)	$122.75	-2.75
Copper (US prod.)	79.5c	
Lead (US prod.)	32.75c	
Tin (Kuala Lumpur)	11.62r	-0.03
Tin (New York)	212.5c	-1.0
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	121.07p	+0.83*
Sheep (live weight)†♣	91.22p	+4.67*
Pigs (live weight)	73.18p	+2.23*
Lon. day sugar (raw)	$264.30	+0.90
Lon. day sugar (wte)	$290.00	+1.50
Tate & Lyle export	£290.00	+1.00
Barley (Eng. feed)	£109.50y	
Maize (US No3 Yellow)	£123.00	
Wheat (US Dark North)	£176.00	
Rubber (Jan)♥	60.00p	+0.25
Rubber (Feb)♥	60.25p	+0.25
Rubber (KL RSS No1 Jul)	206.0m	
Coconut Oil (Phil)§	$505.0x	
Palm Oil (Malay.)§	$387.5y	
Copra (Phil)§	$317.50	
Soyabeans (US)	£205.00	
Cotton 'A' Index	58.50c	+0.30
Wooltops (64s Super)	340p	-4

£ per tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. m-Malaysian cents/kg. y-[illegible] z-[illegible] x-[illegible] [illegible] † Meat Commission average fatstock prices. * change from a week ago, provisional prices. [illegible]

CROSSWORD

No.8,319 Set by CINEPHILE

(16), 29, (16), (14), 25, 20, 10, 13, 10, 12, 30, 24: their clues are incomplete

ACROSS
1 *Solid food should satisfy:* that's about the easiest thing (4,4)
5 System of vendettas? (6)
9 I came back and had dinner – to get weight down? (8)
10 Left like this in triumph (6)
12 Cry to African country – finish first (9)
13 High temperature high? (5)
14 River created from another (4)
16 The present time turned about itself? (7)
19 It sounds like a falcon, my child (7)
21 English trophy turned purple (4)
24 Senior officer (5)
25 Mother has power outside the factory (9)
27 Shot, about one pound, finds hat (6)
28 Tempting little ringlet – Sir's luck's out (4,4)
29 No 1 races to shelter (6)
30 Provider of straw hat? (8)

DOWN
1 *Look* round quiet church for something to say (6)
2 Half the area's fit for the plough (6)
3 Prominent feature for leader of country (5)
4 Hot spot providing knowledge without desire (7)
6 Chappie in trouble, remarkably revealing (9)
7 Most of female side set off feeling of aversion (8)
8 Summary execution by Irish Jack? (8)
11 Cocaine in its pure form? (4)
15 Eleven-bar arrangement of respected antiquity (9)
17 Land of a dog with a mad tail? (8)
18 Musician puts prohibition on beam (6)
20 Dry place? (4)
21 Hungry? Cook last piece of fish-cake and chips (7)
22 Snakeskin in bog (6)
23 Rental may be half a crown (6)
26 Small map as part of collection? (5)

Solution to yesterday's prize puzzle on Monday December 13.

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Strong opening to new equity trading account

By Terry Byland, UK Stock Market Editor

Another strong session in financial, consumer and industrial growth stocks in the UK market yesterday, matched by weakness in the defensive high yielders, signalled the City's conviction that this afternoon's Budget speech will be favourable for equity investors. The first day of the new equity trading account closed last night with the market showing a gain of about 2.2 per cent since the middle of last week, when investors shed fears of adverse tax changes and turned to a positive view of the likely Budget proposals.

Attention focused entirely on the domestic scene, with the stock index future again providing a lead for equities. After opening lower in the shadow of the heavy fall in Tokyo, UK shares moved ahead steadily and gains were trimmed only slightly when Wall Street, in its first full return from the Thanksgiving break, managed a meagre gain of only 7 Dow points in UK trading hours.

The FT-SE Index closed 24.4 ahead at 3,135.8, having touched 3,144.1 earlier. A good level of institutional interest was seen, with overseas buyers looking confidently for further cuts in UK and European interest rates soon. The FT-SE Mid 250 Index, often the focus of private investor activity, gained 11.1 to 3,466.

There were gains among life assurance stocks as fears of tax threats to pension fund values eased, in merchant banks, which benefit from a strong equity market, and in brewers, hotels and stores, all hoping for a benign Budget.

Account Dealing Dates		
*First Dealings:		
Nov 15	Nov 29	Dec 13
Option Declarations:		
Nov 25	Dec 9	Dec 30
Last Dealings:		
Nov 26	Dec 10	Dec 31
Account Day:		
Dec 6	Dec 20	Jan 10

*New time dealings may take place from two business days earlier.

But water and electricity stocks suffered as their solid dividend prospects appeared less exciting in a stock market now looking for a Budget focused on promoting economic growth. A fresh round of losses in oil stocks as crude prices continued to weaken was balanced by perceptions that cheaper oil would subdue inflation and encourage industrial economies.

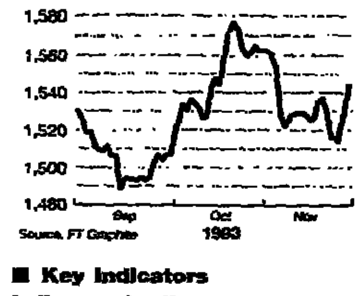
Trading volume remained high, with 687.8m shares passing through the Seaq network compared with 697.6m on Friday. Friday's retail business was worth £1.53bn, at the high end of this year's daily averages. Last week brought a total of nearly £7bn in retail business, in spite of the brief absences of Wall Street and Tokyo for holiday breaks.

The excitement of the day came in the domestic television sector with the first of the bid moves so widely-predicted since official takeover restrictions were eased last week. Carlton Communications made an agreed bid worth £758m for Central TV, setting the sector alive with activity.

In addition to the relaxation of fears of adverse changes in company taxation, the stock market was also confirming its belief that UK base rates will be reduced again in the near future, even if not today. Several strategists have predicted that domestic rates will be cut from the present 5.5 per cent minimum to 4 per cent, or even lower. Interest rate optimism is also fuelled from other European financial centres where a rate cut from the Bundesbank is anticipated.

While there has been a distinct shift in sentiment over the past trading week, there were still signs that share prices were being driven ahead by the unwillingness of marketmaking firms to hold heavy stock positions over the Budget period. Equity traders are expected to take their cue from the stock index futures traders this morning.

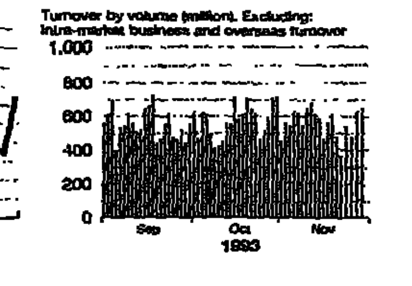
FT-A All-Share Index



Source, FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Key Indicators

Indices and ratios

FT SE 100	3135.8	+24.4	FT Ordinary Index	2395.8	+26.5
FT-SE Mid 250	3466.0	+11.1	FT-A 500 p/e	19.98	(19.85)
FT-SE-A 350	1561.1	+10.6	FT-SE 100 Fut Dec	3157.0	+32.0
FT-A All-Share	1543.27	+9.97	10 yr Gilt yield	6.69	(6.70)
FT-A All-Share yield	3.70	(3.72)	Yield ratio:	1.93	(1.93)

Best performing sectors

1 Brewers & Distillers ... +2.2
2 Media ... +1.9
3 Insurance (Composite) ... +1.8
4 Insurance (Life) ... +1.8
5 Stores ... +1.8

Worst performing sectors

1 Oil & Gas ... -1.3
2 Electricity ... -1.0
3 Water ... -0.9
4 Textiles ... -0.7
5 Electronics ... -0.5

Carlton bid lifts TV stocks

Television took centre stage in the market as Carlton Communications launched a well-received takeover bid for Central Television. The offer came just five days after the government relaxed rules on mergers within the industry and is seen as the first course in a feast of bids within the sector.

The bid values Central at £758m, or £26 a share, and was to the surprise of many analysts endorsed by Central's board of directors. It will create the country's biggest independent television company with an area covering 20m viewers.

Predictably, Central's shares rose sharply, closing some 405 higher at 2573p.

Less predictably, Carlton's share price also jumped significantly, finishing 30 stronger at 797p. The stock was helped by an increase in profits to £126.1m from £100.24m and a discussion aimed at defusing worries over inroads into Carlton's video sales and rental arm. However, the results were in line with expectations and the shares only started to lift when the Central offer was announced.

Ms Chris Munro, media analyst with Hoare Govett, estimated that Carlton's 1993-94 profits would be boosted by £31m to £186m following acquisition of Central and earnings would only be diluted by 0.5p per share to 50p.

Investors are now looking for the next bid in the sector, and many bets were riding on Granada making a move on LWT Holdings, possibly as early as today.

Granada climbed 13 to 463p in spite of worries that it will have to launch a bumper rights issue to fund any bid. LWT shares jumped 45 to 579p.

Oils under pressure

Another torrid session in the crude oil market, which saw Brent crude slip below the $14 a barrel mark at one point, triggered yet another bout of heavy selling pressure in an already bruised oil sector.

Oil shares were the market's weakest performers last week after Opec surprised the market by holding its overall production level at 24.5m barrels a day. There had been hopes that Opec would cut output by around 2m barrels a day to try to stem the weakness in oil prices. And there were fears in international oil markets yesterday that Iraq may be permitted to resume oil sales in the middle of 1994, putting further pressure on Opec output quotas and prices.

Yesterday, however, it was the oil majors rather than the exploration stocks that were roughly handled by the market, with US holders said to have continued to sell stocks such as BP and Shell aggressively amid talk of downgraded oil price and earnings forecasts.

Shell dropped 12¼ to 665¼p on heavy turnover of 6.5m, with the market additionally upset by reports that Gencor's purchase of Billiton, Shell's minerals and mining subsidiary, may have run into trouble. BP, which bore the brunt of some big downside pressure from the US late in the session, lost 7 more to 325¼p in big turnover of 13m.

The exploration and production sub-sector outperformed the senior oil index, but nevertheless looked set to come under renewed fire. Lasmo, beset by worries about the dividend, eased further to 116p on turnover of 5.4m, while Enterprise dipped 4 to 433p on 2.3m traded. Hardy dropped 13½ to 143½p.

GEC, the flagship of the UK's electronics and heavy electrical industry, was one of the worst performers among the constituents of the FT-SE 100 Index as the market became increasingly nervous ahead of the group's interim figures tomorrow.

Some fairly aggressive selling pressure saw the shares close 4 off at 333p on turnover of 8.1m, the fifth most heavily traded stock in the market. One close follower of the company described it as "almost a utility but without the yield and dividend cover of most", and said the market had been slightly spooked by worries about difficult trading conditions which could provoke a series of profits downgrades of full year estimates.

Pharmaceuticals group Glaxo saw its shares rise 16 to 671p ahead of a key presentation on research and development this morning. There was also active business in traded options.

Glaxo last held an R & D presentation two years ago. Since then the group has launched three products, and now that they are in the market, pharmaceuticals experts will be looking for new developments to combat erosion of market share in Zantac, the anti-ulcer product which accounts for around 44 per cent of Glaxo's turnover.

A return of speculation over the future of the stake held by Rank Organisation in Rank Xerox underpinned a rise in the shares in a firm leisure sector. Rumours of the sale by Rank to its venture partner Xerox have been in the market for some months, but were given fresh impetus at the weekend in an interview with the Rank chief executive.

The sale of the Xerox stake could raise up to £1.5bn and effectively wipe out Rank's debts. However, while leisure specialists accept the issue is on the agenda, most believe it is still some years off. Rank shares climbed 7 to 883p, after touching 897p.

Troubled theme park group Euro Disney bounced 10 to 360p on speculative buying. Stories swirling around the stock continue to suggest some imminent moves by the bank creditors to take a more forceful role in the company's financial restructuring.

Optimism over the likely effect of today's Budget on consumer spending impacted favourably across consumer-related stocks. In the drinks sector, shares were marked higher on additional hopes that the Chancellor would not come down too heavily on excise duty. Among the main beneficiaries, Scottish and Newcastle added 10 to 492p, Bass – reporting results tomorrow – 14 to 493p, Grand Metropolitan – with figures due Thursday – 19 to 409p and Greenalls Group 10 to 381p.

Stores were also buoyant. Boots rose 10 to 544p, Dixons 7 to 265p, WH Smith 20 to 485p, helped by a BZW buy note, Next 11 to 199p, Kingfisher 12 to 679p and Argos 10 to 348p.

Bank shares made rapid progress, as did life and composite insurers as financial sector specialists remained convinced there will be no big changes affecting life policies and pensions in the Budget. Barclays, up 13 at 569p, led the banks higher while Prudential jumped 7½ to 357½p, spearheading the life sector.

Westland Group advanced 9 to 235p as vague takeover talk fingered GKN. The latter's shares put on 7 to 491p.

AAF Industries jumped 11 to 49p after announcing an £18.4m deal. BBA Group retreated 11 to 178p on reports of a downgrading from Cazenove.

MARKET REPORTERS:
Christopher Price,
Peter John,
Steve Thompson.

■ Other statistics, Page 30

■ NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (116)

BRITISH FUNDS (18) OTHER FIXED INTEREST (2) BREWERS (1) Scottish & Newcastle, BLDG MATLS (8) Blue Circle, Do 7¾pc Pf., Caradon, Do 7¾pc Pf., Kingspan, Marshalls 6¼pc Pf., RMC, Wolseley, BUSINESS SERVS (1) Serco, CHEMS (1) ICI, CONTG & CONSTRCN (1) Banner Homes, ELECTRONICS (3) Comac, Kalamazoo, ENG AERO (2) Rolls Royce, Smiths Inds., ENG GEN (3) Haden MaLellan, SEP, Sterling, HOTELS & LEIS (2) Rank Organ., Do 8¼pc Pf., INSCE COMPOSITE (1) Trade Indemnity, INV TRUSTS (29) MEDIA (8) Anglia TV, Border TV, Central ITV, CentreGold, HTV, LWT, Pearson, Ulster TV, MTL & MTL FORMING (1) Clayhithe 9½pc Cv. '00-01, MISC (3) Bluebird Toys, Gt. Southern, Kershaw (A), MOTORS (2) ABI, Henlys, OIL & GAS (2) Aminex, Calor, OTHER FINCL (1) Caledonia Inv., OTHER INDLS (2) Amber Indl., Ferromet, PACKG, PAPER & PRINTG (4) Arjo Wiggins Appleton, Ferry Pickering, Filofax, Gibbon Lyons, PROP (5) Brit. Land 8¼pc Pf., Grainger, Markheath Moore, Premier Land, Trafford Park, STORES (4) Cantors, Courts, GUS, Marks & Spencer, TELE NETWORKS (1) Securicor N/V, TEXTS (2) Forminster, Helene, TRANSPORT (3) Brit. Airways, Do 9¾pc Cv., Dawsongroup, PLANTATIONS (1) Landu, MINES (2) Bakyrchik Gold, Joel (H.J.).

NEW LOWS (23)

BREWERS (1) Merrydown, BUSINESS SERVS (2) Business Post, Penna, ENG GEN (1) Barry Wehmiller, FOOD MANUF (1) Northern, FOOD RETAILING (1) Kwik Save, HEALTH & HSEHOLD (3) Bespak, Hafslund Nycomed A, Do B, INV TRUSTS (5) Dunedin Japan, Do Wts., HTR Japanese Smllr., Do Wts., Perpetual Japanese, MISC (1) Ross, OIL & GAS (2) LASMO, Do 9¾pc Pf., OTHER FINCL (1) Policy Portfolio, PACKG, PAPER & PRINTG (2) Brit. Polythene, Carnaud Metalbox, STORES (1) Hughes, TEXTS (2) Dawson Intl., Martin Intl.

Data based on those Companies quoted on the London Share Service.

EQUITY FUTURES AND OPTIONS TRADING

Enthusiasm within the futures market caught the underlying stock market by surprise yesterday and was largely responsible for forcing stock prices higher ahead of today's budget, writes Peter John.

The cash market showed no desire, on the first day of the new trading account, to move forward from Friday's close. But the FT-SE futures contract expiring in December jumped 10 points at the start of trading and surged forward to a high of 3,167 to set the agenda in London markets.

Marketmakers said the contract was "very squeezy" as there was still quite a big shortage of stock following the surprise turnaround prompted by last week's base rate cut.

At its best the December contract was 23 points above cash, a startling premium considering that the estimated fair value – the premium that takes into account the cost of carrying less dividend payments – is actually at a small discount to cash for this account.

By the official close at 4.10pm the December contract was slightly easier at 3,157 but still at a premium of 22 to cash with dealers anticipating good news from the Budget, particularly on advance corporation tax.

Any decision not to cut back ACT would be of particular benefit to investment institutions such as insurance groups.

*Among stock options **Prudential** was the most heavily traded with turnover 3,663 lots although traders said the volume mainly reflected bitty technical trading. Glaxo, which is hosting a key R&D presentation today, was the second big stock option with 1,748 lots.*

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3130.0	3157.0	+32.0	3167.0	3130.0	12856	53739
Mar	3148.0	3174.5	+32.0	3180.5	3148.0	2154	15087
Jun	-	3184.5	+32.0	-	-	0	960

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3136) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P
Dec	215½	8½	170½	12½	124	18½	84½	30½	52	49½	28	78½	13½	114½	6	164½
Jan	235½	24½	191½	30½	153	41½	115½	55½	88	75½	61	101½	41	133½	27	172½
Feb	250½	31½	210	41	172	53	137	68½	107	88½	80	113	58½	143	41½	179
Mar	258½	38	228½	50	192½	62	148½	79	119	98	92	122	69½	150½	51	184½
Jun†			248½	71½			181½	105			126½	149½			83	207½

Calls 12,352 Puts 11,717

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P
Dec	230½	8	192½	10½	147½	15½	102½	22½	65½	35½	39½	58½	19	87½	9½	125½
Jan	253½	18½	211	25½	170½	34½	133½	47	100½	63½	72	85	49½	112	32	144
Feb	272	29			189½	46½			122½	78			79	126		
Mar	280½	36½			201	55			134	88½			81½	132		
Jun†	305	54			231	77½			168½	111½			118	158½		

Calls 3,324 Puts 186 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	8,300	53	+½
Abbey National†	4,600	402	-4
Albert Fisher	276	60	-1
Allied-Lyons†	813	586	
Anglian Water†	1,200	534	-6½
Argos	981	348	+10
Argyll Group†	8,300	273	+10
Arjo Wiggins†	2,400	248	+7
Assoc. Brit. Foods†	2,800	622	+13
Ass. Brit. Ports	96	483	+3
BAA†	839	927	+6
BAT Inds.†	4,000	519	+5
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

FT - SE Actuaries Share Indices — The UK Series

	Nov 29	Day's chge%	Nov 26	Nov 25	Nov 24	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3135.8	+0.8	3111.4	3093.1	3067.2	2778.8	3.79	5.60	22.15	90.08	1145.29
FT-SE Mid 250	3466.0	+0.3	3454.9	3445.2	3430.7	2637.5	3.52	5.67	21.48	92.44	1255.18
FT-SE Mid 250 ex Inv Trusts	3464.3	+0.3	3454.2	3444.3	3429.8	2639.3	3.63	6.07	20.22	95.02	1250.46
FT-SE-A 350	1561.1	+0.7	1550.5	1542.4	1530.9	1399.7	3.73	5.61	22.00	44.12	1166.04
FT-SE SmallCap	1737.57	+0.2	1734.96	1735.19	1735.66	-	3.19	4.03	33.69	41.54	1315.73
FT-SE SmallCap ex Inv Trusts	1713.62	+0.1	1711.14	1711.69	1712.88	-	3.40	4.51	31.02	43.72	1299.64
FT-A ALL-SHARE	1543.27	+0.7	1533.30	1525.84	1515.21	1313.02	3.70	5.52	22.48	43.22	1175.27

■ FT-Actuaries All-Share

	Nov 29	Day's chge%	Nov 26	Nov 25	Nov 24	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
1 CAPITAL GOODS(216)	1074.57	+0.6	1068.56	1062.92	1053.79	789.94	3.82	3.90	33.53	31.18	1276.44
2 Building Materials(28)	1268.17	+0.2	1263.21	1256.95	1226.15	768.51	3.63	2.76	51.83	33.28	1461.59
3 Contracting, Construction(29)	1031.66	+0.3	1028.14	1024.92	1016.65	650.55	3.07	1.21	80.00†	26.21	1443.29
4 Electricals(15)	2891.36	-0.4	2902.60	2893.67	2880.16	2180.12	4.86	3.67	33.49	105.80	1184.15
5 Electronics(39)	2800.74	-0.5	2814.42	2816.89	2797.02	2242.58	3.13	5.93	20.60	69.29	1229.69
6 Engineering-Aerospace(7)	468.76	+1.3	462.77	465.06	463.40	258.41	3.09	‡	‡	12.12	1644.22
7 Engineering-General(48)	619.48	+0.5	616.52	615.90	614.12	458.99	3.50	5.50	22.17	16.33	1250.71
8 Metals & Metal Forming(8)	469.37	+0.9	464.98	460.54	453.03	290.39	2.59	‡	‡	8.98	1492.56
9 Motors(20)	454.54	-0.5	456.69	454.21	451.94	327.10	4.87	4.00	34.66	19.48	1278.40
10 Other Industrials(19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP(234) to 71 Investment Trusts(126)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 FT-A ALL-SHARE(816)	1543.27	+0.7	1533.30	1525.84	1515.21	1313.02	3.70	5.52	22.48	43.22	1175.27

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Time of FT-SE 100 High [illegible] Low [illegible]

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Health & H'hold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul	Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Allied-Lyons	560	50	81½	66½	8½	13½	24	Lasmo	110	15½	18½	22	7	11	14
(*595)	600	17	32	38	26	34½	49	(*115)	120	9	13½	17	12½	16½	19
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TRADITIONAL OPTIONS

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	59	0	19
Other Fixed Interest	3	0	12
Commercial, Industrial	367	214	847
Financial	58	36	73
Property	28	13	93
Investment Trusts	171	83	276
Oil & Gas	8	37	35
Mines	13	46	81
Others	72	22	62
Totals	779	451	1,498

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993 High	1993 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§140	F.P.	47.2	165	140	Abacus	163	+1	NR3.5	2.0	2.7	22.1
-	F.P.	44.5	94	88	Abtrust Emrg Econ	89	-1½	-	-	-	-
-	F.P.	4.8	52	46	Do Warrants	48		-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FINANCIAL TIMES EQUITY INDICES

	Nov 29	Nov 26	Nov 25	Nov 24	Nov 23	Yr ago	High	Low
Ordinary share	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

AMERICANS

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICALS - Cont.

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1993 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot Asian Pig		288	-3	288	136	-	296.8	9.3
Warrants		728	-7	785	225	-	-	-
Scot East		81½	+1½	83	63½	2.4	81.5	11.2
Scottish Inv		224	+2	231	185	2.8	256.3	12.8
Warrants		72½	+2	80	38	-	-	-
Scot Mortgage		220½	+½	235½	178	2.3	248.6	11.3
Scot National Inc		97	+½	105	83	10.3	-	-
Cap		34	+1	38	16	-	109.3	69.8
Stepped Pf		158	+½	159½	150¾	4.5	-	-
Zero Div Pf		230	+½	231½	207	-	-	-
Warrants		4½	-	5	2½	-	-	-
Scot Value		108xd	+1	101	71	2.3	101.1	1.1
Sec Alliance		1581	+5	1646	1380	3.1	1749.1	9.8
Second Consld		166	-	168	85	-	189.5	12.5
Second HGSC		105½	-	108	101	-	-	-
Second Market		406	+1	407	258	0.6	429.4	5.5
Sec 1st Scot		91½	+1	93½	74½	4.4	92.0	0.6
Select Assets		156	+1	163	109½	0.9	194.6	19.3
Eq Ind Sert		152	+1	153	128	3.5	-	-
Eq Ind Sed		152	+1	153	128	3.5	-	-
SHIRESCOT		140	-	145	104	4.7	137.7	-1.7
Shires		286	+2	288	231	7.2	283.1	-4.4
Siam Select		198	-2	207	97	0.6	246.9	20.5
Smaller Cos		132xd	+½	136	78	2.5	128.2	-3.0
Warrants		46	-	66	14	-	-	-
Sphere Inc		35	+1	38	14	11.1	48.5	27.9
Zero Div Pf		93	+½	93¾	80¾	-	-	-
Units		905	-	925	785	-	-	-
Sumit		124	-1	130	38	1.4	101.0	-22.8
TR City of Lon		152½	+1½	154	126	3.8	146.4	-4.2
TR Euro Growth		127	-2	138	76	1.7	131.2	3.2
Pig Sub		78	-	78	27	2.2	-	-
TR Far East Inc		164	-2	169	112	3.5	167.7	2.5

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

OIL & GAS

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- \- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1285 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣ . Ring 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT9447. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in [illegible]

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and [illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

J Rothschild Assurance PLC - Contd.

Royal Heritage Life Assurance Ltd

Scottish Provident Group - Contd.

Sun Life Unit Assurance Ltd - Contd.

Century Life International Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

Franc nears old floor

THE FRENCH franc moved within reach of its former European exchange rate mechanism floor yesterday, spurred on by last week's news that central bank reserves have been largely replenished and continued strong hopes for an early cut in Germany's key lending rates, *writes Emma Tucker.*

In the morning, the French currency rose sharply to FFr3.4484 against the D-Mark, its highest level since August 2 when the ERM bands were loosened, and just marginally lower than its previous floor of FFr3.4305. Many analysts expect the franc to breach this level by year-end.

Not even the prospect of a cut in French interest rates - widely expected in the market - was enough to upset the currency. Analysts said this was because the market is increasingly attaching importance to the growth differentials between economies, rather than interest rate differentials between currencies. Mr Jeremy Hawkins, economist at Bank of America in London, said: "If anything, interest rate cuts now are perceived as being beneficial."

The franc eased slightly in late trade to close in London at FFr3.457 against the D-Mark, virtually unchanged on Friday's close.

● Sterling was steady yesterday on the back of D-Mark weakness, but a late surge took it through DM2.54. Weekend newspaper reports that Mr Kenneth Clarke, the chancellor was planning to reduce the level of public spending next year from the previously agreed total, helped to support the currency.

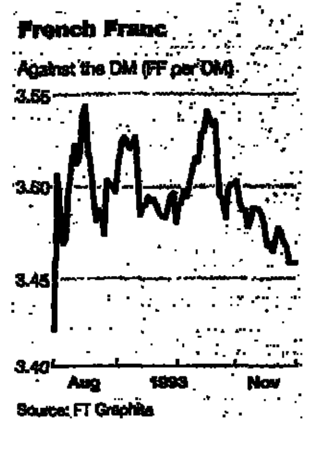
It closed in London at DM2.5425, up a pfennig on Friday's close. Against the dollar it was up ¾ of a cent at $1.4880.

● The UK money markets were exceptionally quiet ahead of Mr Clarke's statement today. As one dealer put it: "The buyers have bought, the sellers have sold and everyone has gone home early."

There was little technical trading to enliven the day, after the Bank of England announced a small shortage of £450m, revised later in the day to £750m. The Bank provided late assistance worth £135m.

French Franc

Against the DM (FF per DM)



Source: FT Graphite

■ Pound in New York

Nov 29	—Latest—	– Prev. close –
£ spot	1.4875	1.4790
1 mth	1.4846	1.4761
3 mth	1.4804	1.4720
1 yr	1.4658	1.4573

The three-month interbank rate ended the day at around 5⁹⁄₁₆ per cent. The March short-sterling contract, which opened at 94.84, dropped four basis points.

● The Austrian National Bank announced that it was cutting its Gomex money market intervention rate by 10 basis points taking it down to 5.8 per cent. A spokesman from the central bank said the move was in response to high liquidity in the Austrian money market.

Austria last cut its Gomex rate, which covers two-thirds of bank refinancing, by 20 basis points earlier this month. The discount rate remains 5.25 per cent and the Lombard rate 6.25 per cent.

The Austrian schilling closed virtually unchanged on Friday's close at Sch7.042 per D-Mark.

● In Germany, tight money market conditions prompted the Bundesbank to announce it would inject liquidity via a "schnell" or two-day repo.

The repo, designed to relieve money market shortages in the short-term, was set at 6.40 per cent, a relatively high rate given that last week banks were able to borrow money at 6.25 per cent.

Dealers said conditions were made even tighter in anticipation of today's annual payment of public sector Christmas bonuses.

With the abolition of Paragraph 17 funds from the beginning of next year, so-called "schnell" tenders are likely to be used more often, although the Bundesbank will also be able to use other fine-tuning instruments such as the "blitz tender", which injects liquidity even faster than the schnell tender.

Opinion was divided over what stance the Bundesbank would take at today's regular refinancing operation. Some analysts are expecting a variable rate repo, although with the rate unchanged at 6.25 per cent, due to money market tightness. Others believe the central bank will stick to a fixed rate of 6.25 per cent as a variable tender could invite banks to probe for lower rates. Whatever happens, currency traders across Europe will keep a close eye on the repo announcement for clues on when German interest rates will next be lowered.

Most analysts doubt the Bundesbank will cut German interest rates at this week's council meeting, but are not ruling a reduction before the end of the year.

West German inflation data on Friday showed a year-on-year 3.7 per cent in November from October's 3.9 per cent increase and helped keep rate cut hopes on the boil, according to analysts.

● The dollar weakened in late London trading after attempting to push through the DM1.7180 level. But the US currency stayed firmly above Y109, aided by a sharp decline in Tokyo stock prices which fell 3.87 per cent to their lowest level for over a year. The dollar is likely to trade within a fairly tight range ahead of US jobs data on Friday.

Comments by Mr Theo Waigel, the German finance minister, that German inflation has slowed and that the economy was stabilising had little impact on the dollar/D-Mark rate, according to dealers.

● The Spanish peseta remained under pressure yesterday on political worries over union threats to carry out a general strike. It closed in London at Pta82.10 against the D-Mark compared with Friday's close of Pta81.75.

POUND SPOT FORWARD AGAINST THE POUND

Nov 29		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.905	+0.08	890 - 920	17.96	17.80	17.9143	-0.6	17.9275	-0.5	-	-	114.6
Belgium	(BFr)	53.7	+0.05	650 - 750	53.95	53.60	53.82	-2.7	53.96	-1.9	54.32	-1.2	112.3
Denmark	(DKr)	10.07	+0.0325	065 - 075	10.0900	10.0425	10.0965	-3.0	10.1305	-2.4	10.2045	-1.4	114.8
Finland	(FM)	8.6575	+0.0105	642 - 672	8.7025	8.6425	-	-	-	-	-	-	78.8
France	(FFr)	8.7675	+0.0375	783 - 792	8.7950	8.7450	8.8	-1.7	8.8165	-1.5	8.8279	-0.8	102.5
Germany	(DM)	2.5426	+0.01	540 - 545	2.5475	2.5350	2.5462	-1.3	2.5479	-0.9	2.5447	-0.1	124.3
Greece	(Dr)	364.15	+0.3	000 - 300	364.300	362.650	-	-	-	-	-	-	-
Ireland	(I£)	1.0546	+0.002	054 - 055	1.0560	1.0515	1.0556	-1.2	1.0568	-0.9	1.0598	-0.5	102.3
Italy	(L)	2520.25	+16	750 - 750	2522.50	2502.75	2529	-4.2	2542.8	-3.5	2599	-3.1	75.9
Luxembourg	(LFr)	53.7	+0.05	650 - 750	53.95	53.60	53.82	-2.7	53.96	-1.9	54.32	-1.2	112.3
Netherlands	(Fl)	2.8525	+0.01	848 - 868	2.8575	2.8425	2.8542	-0.7	2.8569	-0.4	2.8565	-0.1	119.3
Norway	(NKr)	11.06	+0.08	055 - 065	11.0675	11.0000	11.0551	0.5	11.0462	0.4	11.0677	0.0	96.1
Portugal	(Es)	261	+1.75	600 - 600	261.50	259.50	262.45	-6.7	266	-6.1	-	-	-
Spain	(Pta)	208.7	+1.7	550 - 850	208.85	206.75	209.52	-4.7	210.695	-3.8	215.25	-3.1	86.7
Sweden	(SKr)	12.565	+0.13	560 - 570	12.5875	12.4575	12.5925	-2.6	12.625	-1.9	12.727	-1.3	72.6
Switzerland	(SFr)	2.22	+0.0025	215 - 225	2.2250	2.2150	2.2187	0.7	2.2156	0.8	2.192	1.3	115.8
UK	(£)	1	-	000 - 000	-	-	-	-	-	-	-	-	81.6
Ecu	-	1.324	+0.0055	324 - 324	1.3250	1.3175	1.326	-1.9	1.3285	-1.4	1.3320	-0.7	-
SDR†	-	0.9328	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.478	-	477 - 479	1.4818	1.4760	-	-	-	-	-	-	-
Brazil	(Cr)	345.025	+5.525	000 - 050	348.000	338.500	-	-	-	-	-	-	-
Canada	(C$)	1.986	+0.0185	985 - 987	1.9900	1.9690	1.9837	1.4	1.9801	1.2	1.9737	0.6	87.0
Mexico	(New Peso)	4.6045	-0.005	602 - 608	4.6095	4.5990	-	-	-	-	-	-	-
USA	($)	1.488	+0.008	875 - 885	1.4915	1.4780	1.4854	2.1	1.4811	1.9	1.4665	1.4	67.1
Pacific/Middle East/Africa													
Australia	(A$)	2.2435	+0.0095	243 - 244	2.2475	2.2290	2.242	0.8	2.2399	0.6	2.2381	0.2	-
Hong Kong	(HK$)	11.4485	+0.0075	446 - 460	11.4715	11.4230	11.4298	2.0	11.3992	1.7	11.297	1.3	-
India	(Rs)	46.5	+0.2	450 - 550	46.55	46.35	-	-	-	-	-	-	-
Japan	(Y)	162.5	+1.75	000 - 000	163.00	161.25	162.04	3.4	161.25	3.1	157.815	3.2	179.9
Malaysia	(M$)	3.792	+0.0075	791 - 793	3.7990	3.7810	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.7175	+0.0105	716 - 719	2.7225	2.7150	2.7185	-0.5	2.7197	-0.3	2.7285	-0.4	-
Philippines	(Peso)	41.55	-0.6	500 - 600	41.70	41.50	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.556	+0.003	555 - 556	5.5660	5.5445	-	-	-	-	-	-	-
Singapore	(S$)	2.3735	+0.004	372 - 375	2.3770	2.3675	-	-	-	-	-	-	-
S Africa (Com.)	(R)	4.9915	+0.0035	990 - 992	4.9995	4.9780	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.611	+0.082	604 - 618	6.6190	6.5325	-	-	-	-	-	-	-
South Korea	(Won)	1196.45	+0.7	300 - 600	1196.55	1194.00	-	-	-	-	-	-	-
Taiwan	(T$)	39.875	+0.05	800 - 950	39.95	39.80	-	-	-	-	-	-	-
Thailand	(Bt)	37.7	+0.2	650 - 750	37.75	37.60	-	-	-	-	-	-	-

†SDR rate for Nov 24. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Nov 29		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Morgan G'ty chges %
Europe													
Austria	(Sch)	12.0275	-0.01	025 - 030	12.0650	12.0200	12.066	-2.5	12.1002	-2.4	12.2225	-1.6	+16.70
Belgium	(BFr)	36.1	-0.15	050 - 150	36.40	36.05	36.2425	-4.7	36.45	-3.9	37.08	-2.7	-0.84
Denmark	(DKr)	6.7675	-0.015	765 - 770	6.8025	6.7625	6.7967	-5.2	6.8405	-4.3	6.9665	-2.9	+9.29
Finland	(FM)	5.8435	+0.003	838 - 863	5.8610	5.8310	5.8607	-3.5	5.8835	-2.7	5.946	-1.8	-
France	(FFr)	5.905	-0.0075	903 - 907	5.9300	5.8975	5.9239	-3.8	5.9519	-3.2	6.02	-1.9	-6.41
Germany	(D)	1.7085	-0.003	708 - 709	1.7185	1.7080	1.7133	-3.4	1.7203	-2.8	1.7353	-1.6	+32.28
Greece	(Dr)	245.8	+0.05	700 - 900	246.250	244.950	250.1	-21.0	258.3	-20.3	293.3	-19.5	-
Ireland	(I£)	1.4125	+0.006	412 - 413	1.4135	1.4015	1.4085	3.4	1.4024	2.9	1.3843	2.0	-
Italy	(L)	1693.75	+1.75	500 - 000	1698.00	1682.00	1702.65	-6.3	1716.85	-5.5	1772.75	-4.7	-37.57
Luxembourg	(LFr)	36.1	-0.15	050 - 150	36.40	36.05	36.2425	-4.7	36.45	-3.9	37.08	-2.7	-0.84
Netherlands	(Fl)	1.917	-0.004	916 - 918	1.9290	1.9145	1.9215	-2.8	1.9281	-2.3	1.9437	-1.4	+21.69
Norway	(NKr)	7.4325	-	430 - 435	7.4650	7.4200	7.4452	-2.1	7.4665	-1.8	7.5295	-1.3	-17.87
Portugal	(Es)	175.2	+0.1	150 - 250	176.00	174.95	176.525	-9.1	178.73	-8.1	186.6	-6.5	-
Spain	(Pta)	140.1	+0.3	050 - 150	140.50	138.75	140.9	-6.9	142.115	-5.8	146.65	-4.7	-33.89
Sweden	(SKr)	8.445	+0.0425	443 - 446	8.4725	8.4050	8.4785	-4.8	8.5255	-3.8	8.68	-2.8	-30.05
Switzerland	(SFr)	1.4915	-0.006	491 - 492	1.5030	1.4906	1.4932	-1.4	1.4956	-1.1	1.4944	-0.2	+23.84
UK	(£)	1.488	+0.008	875 - 885	1.4915	1.4780	1.4854	2.1	1.4811	1.9	1.4665	1.4	-28.04
Ecu	-	1.125	+0.002	125 - 125	1.1260	1.1190	1.1213	3.9	1.116	3.2	1.1015	2.1	-
SDR†	-	1.389	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.996	-	996 - 996	0.9985	0.9975	-	-	-	-	-	-	-
Brazil	(Cr)	232.92	+3.62	870 - 970	233.000	232.500	-	-	-	-	-	-	-
Canada	(C$)	1.3335	+0.0045	333 - 334	1.3365	1.3295	1.3263	0.7	1.3268	0.7	1.3176	0.8	-11.15
Mexico	(New Peso)	3.1085	-0.005	106 - 111	3.1120	3.1080	3.1102	-0.7	3.1143	-0.7	3.1266	-0.5	-
USA	($)	1	-	000 - 000	-	-	-	-	-	-	-	-	-10.30
Pacific/Middle East/Africa													
Australia	(A$)	1.514	+0.0065	513 - 515	1.5185	1.5125	1.5127	1.1	1.5092	1.3	1.5016	0.8	-47.26
Hong Kong	(HK$)	7.7275	-	727 - 728	7.7290	7.7265	7.7282	-0.1	7.7295	-0.1	7.7376	-0.1	-
India	(Rs)	31.37	-0.0025	368 - 372	31.3750	31.3675	31.445	-2.9	31.635	-3.4	-	-	-
Japan	(Y)	109.25	+0.6	200 - 300	109.35	108.30	109.135	1.3	108.92	1.2	107.305	1.8	+121.87
Malaysia	(M$)	2.5595	+0.003	558 - 560	2.5600	2.5560	2.565	-2.6	2.5757	-2.5	2.6195	-2.3	-
New Zealand	(NZ$)	1.8345	+0.0065	834 - 836	1.8380	1.8335	1.8337	0.6	1.8312	0.7	1.8245	0.5	-
Philippines	(Peso)	28.05	-0.3	000 - 100	28.15	28.00	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.751	-	750 - 752	3.7520	3.7495	3.7595	-2.4	3.7696	-2.0	3.785	-0.9	-
Singapore	(S$)	1.602	+0.0015	602 - 602	1.6025	1.6005	1.6005	1.1	1.6002	0.4	1.5985	0.2	-
S Africa (Com.)	(R)	3.3695	+0.0005	368 - 371	3.3725	3.3615	3.3875	-6.4	3.415	-5.4	3.5335	-4.9	-
S Africa (Fin.)	(R)	4.4625	+0.0375	457 - 468	4.4675	4.4175	4.4945	-8.6	4.5585	-8.4	-	-	-
South Korea	(Won)	807.6	-0.05	500 - 700	807.70	807.50	810.6	-4.5	814.1	-3.2	832.6	-3.1	-
Taiwan	(T$)	26.9	-	850 - 950	26.95	26.85	26.965	-2.9	27.105	-3.0	-	-	-
Thailand	(Bt)	25.45	-	400 - 500	25.50	25.40	25.4637	-0.6	25.495	-0.7	25.76	-1.2	-

†SDR rate for Nov 24. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for July 1. Base average 1980/82=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Nov 29		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.75	16.36	4.734	1.963	4693	5.311	20.60	486.0	388.6	23.39	4.134	1.862	3.696	2.771	302.6	2.466
Denmark	(DKr)	53.33	10	8.726	2.524	1.047	2502	2.832	10.98	259.2	207.2	12.47	2.205	0.993	1.972	1.478	161.4	1.315
France	(FFr)	61.11	11.46	10	2.893	1.199	2868	3.246	12.59	297.0	237.5	14.29	2.526	1.138	2.260	1.693	184.9	1.507
Germany	(DM)	21.13	3.961	3.457	1	0.415	991.3	1.122	4.351	102.7	82.10	4.941	0.873	0.393	0.781	0.585	63.93	0.521
Ireland	(I£)	50.95	9.554	8.337	2.412	1	2391	2.706	10.49	247.6	198.0	11.92	2.106	0.949	1.884	1.412	154.2	1.256
Italy	(L)	2.131	0.400	0.349	0.101	0.042	100.	0.113	0.439	10.36	8.282	0.498	0.088	0.040	0.079	0.059	6.448	0.053
Netherlands	(Fl)	18.83	3.531	3.081	0.891	0.370	883.6	1	3.878	91.51	73.18	4.404	0.778	0.351	0.696	0.522	56.98	0.464
Norway	(NKr)	48.55	9.105	7.945	2.298	0.953	2278	2.579	10	236.0	188.7	11.36	2.007	0.904	1.796	1.345	146.9	1.197
Portugal	(Es)	20.57	3.858	3.367	0.974	0.404	965.5	1.093	4.238	100.	79.96	4.812	0.851	0.383	0.761	0.570	62.26	0.507
Spain	(Pta)	25.73	4.825	4.210	1.218	0.505	1207	1.367	5.299	125.1	100.	6.018	1.064	0.479	0.952	0.713	77.86	0.634
Sweden	(SKr)	42.75	8.018	6.996	2.024	0.839	2006	2.271	8.806	207.8	166.2	10	1.769	0.796	1.581	1.185	129.4	1.054
Switzerland	(SFr)	24.19	4.536	3.958	1.145	0.475	1135	1.285	4.982	117.6	94.01	5.658	1	0.450	0.895	0.670	73.20	0.596
UK	(£)	53.70	10.07	8.787	2.542	1.054	2520	2.852	11.06	261.0	208.7	12.56	2.220	1	1.986	1.488	162.5	1.324
Canada	(C$)	27.04	5.070	4.424	1.280	0.531	1269	1.436	5.569	131.4	105.1	6.324	1.118	0.504	1	0.749	81.82	0.667
US	($)	36.09	6.767	5.905	1.708	0.708	1694	1.917	7.433	175.4	140.3	8.441	1.492	0.672	1.335	1	109.2	0.890
Japan	(Y)	330.5	61.97	54.07	15.64	6.486	15508	17.55	68.06	1606	1284	77.29	13.66	6.154	12.22	9.157	1000.	8.148
Ecu		40.56	7.606	6.637	1.920	0.796	1903	2.154	8.353	197.1	157.6	9.486	1.677	0.756	1.500	1.124	122.7	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Nov 29	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.15882	+0.0006	-1.73	4.24	-
Ireland	0.808628	0.797477	+0.00031	-1.38	3.88	9
Germany	1.94964	1.92396	+0.00181	-1.32	3.81	-
Belgium	40.2123	40.6550	-0.0778	1.10	1.33	-8
France	6.53883	6.63379	-0.00996	1.45	0.98	-12
Spain	154.250	157.009	+0.209	1.79	0.64	-12
Portugal	192.854	196.990	+0.249	2.14	0.29	-14
Denmark	7.43679	7.61852	+0.00036	2.44	0.00	-17
NON ERM MEMBERS						
Greece	264.513	275.708	-0.118	4.23	-1.72	-
Italy	1793.19	1900.92	-1.64	6.01	-3.36	-
UK	0.786749	0.757887	+0.000753	-3.67	6.34	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.5831	0.5824	-0.0007	0.5833	0.5813	15,682	132,699
Mar	0.5810	0.5788	-0.0006	0.5810	0.5776	570	8,640
Jun	-	0.5760	-	-	-	4	335
Sep	-	0.5747	-	-	-	16	12

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.9190	0.9129	-0.0061	0.9190	0.9127	14,584	70,594
Mar	0.9210	0.9158	-0.0062	0.9210	0.9168	1,173	10,642
Jun	0.9200	0.9200	-0.0056	0.9200	0.9200	198	412
Sep	0.9240	0.9240	-0.0058	0.9240	0.9240	2	38

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Dec	CALLS Jan	CALLS Feb	PUTS Dec	PUTS Jan	PUTS Feb
1.400	7.55	7.62	7.68	0.07	0.18	0.60
1.425	5.13	5.37	5.82	0.09	0.52	1.14
1.450	2.81	3.58	4.14	0.20	1.11	1.94
1.475	1.05	2.14	2.78	0.89	2.14	3.00
1.500	0.20	1.16	1.82	2.54	3.60	4.48
1.525	0.02	0.58	1.10	4.74	5.48	6.24

Previous day's vol., Calls 7,467 Puts 10,981 . Prev. day's open int., Calls 692,854 Puts 668,046

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6670	0.6663	-0.0007	0.6670	0.6656	6,474	59,762
Mar	0.6637	0.6646	-0.0011	0.6648	0.6637	112	1,976
Jun	-	0.6648	-	-	-	11	27
Sep	-	0.6651	-	-	-	1	24

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.4798	1.4796	+0.0012	1.4800	1.4768	10,341	33,053
Mar	1.4722	1.4724	+0.0006	1.4730	1.4708	606	3,537
Jun	-	1.4650	-	-	1.4650	313	97

WORLD INTEREST RATES

MONEY RATES

November 29	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	8⅛	7⅜	7⅜	6⅞	6⅝	8.30	5.60	-
week ago	7¾	7⅜	7⅝	7	6⅝	8.30	5.50	-
France	6⅞	6⅞	6⅝	6⅜	5⅞	6.45	-	7.75
week ago	6⅞	6⅞	6⅝	6⅜	5⅝	6.45	-	7.75
Germany	6.43	6.30	6.15	5.80	5.43	6.75	5.75	6.25
week ago	6.35	6.30	6.10	5.78	5.40	6.75	5.75	6.25
Ireland	6¼	6⅜	6⅜	6	5¾	-	-	6.75
week ago	6¼	6⅜	6⅜	5⅞	5¾	-	-	6.75
Italy	9	8⅞	8⅞	8⅝	8⅜	-	8.00	9.03
week ago	8⅞	8⅞	9	8⅝	8½	-	8.50	9.12
Netherlands	6.11	5.96	5.81	5.53	5.27	-	5.25	-
week ago	6.09	5.86	5.81	5.54	5.29	-	5.25	-
Switzerland	4⅜	4⅜	4⅜	4¼	4	6.625	4.25	-
week ago	4⅜	4⅜	4⅜	4⅜	4¼	6.625	4.25	-
US	3	3⅛	3⅜	3⅜	3⅝	-	3.00	-
week ago	3	3⅛	3¼	3½	3⅝	-	3.00	-
Japan	2⅜	2⅜	2¼	2⅛	2⅛	-	1.75	-
week ago	2¾	2⅜	2⅜	2⅜	2⅜	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	3⅜	3½	3½	3¾	-	-	-
week ago	-	3⅜	3⅜	3⅜	3⅝	-	-	-
US Dollar CDs	-	3.07	3.11	3.21	3.50	-	-	-
week ago	-	3.07	3.10	3.24	3.55	-	-	-
SDR Linked Ds	-	3⅝	3⅝	3⅞	3⅞	-	-	-
week ago	-	4⅛	4	4⅛	3⅞	-	-	-

3 Month US Treasury Bill Yield 3.18 $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Nov 29	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	8½ - 8⅜	8⅛ - 8⅛	7¾ - 7⅝	7⅜ - 7¼	6⅞ - 6¾	6½ - 6⅜
Danish Krone	8 - 7	9 - 8⅛	8½ - 8	8⅛ - 7⅞	7⅝ - 7¼	7 - 6¾
D-Mark	6½ - 6⅜	6⅜ - 6¼	6⅜ - 6¼	6¼ - 6⅛	5⅞ - 5¾	5½ - 5⅜
Dutch Guilder	6⅛ - 6	6⅛ - 5⅞	6 - 5⅞	5⅞ - 5¾	5⅝ - 5½	5⅜ - 5¼
French Franc	6⅞ - 6⅝	6⅞ - 6¾	6⅝ - 6⅝	6⅜ - 6¼	6⅛ - 6	5¾ - 5⅝
Portuguese Esc.	11⅝ - 11¼	11¾ - 11¼	12 - 11⅞	11½ - 11¼	11¼ - 10⅞	10½ - 10¼
Spanish Peseta	9⅝ - 9⅜	9⅝ - 9⅜	9½ - 9¼	9⅛ - 8⅞	8⅝ - 8⅜	8⅜ - 8⅛
Sterling	5⅝ - 5⅜	5⅞ - 5⅝	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½
Swiss Franc	4⅝ - 4½	4⅝ - 4½	4½ - 4⅜	4½ - 4⅜	4⅜ - 4¼	4 - 3⅞
Can. Dollar	3⅞ - 3¾	3⅞ - 3¾	3⅞ - 3¾	4⅛ - 3⅞	4¼ - 4⅛	4⅝ - 4½
US Dollar	3⅛ - 2⅞	3⅛ - 3	3⅛ - 3	3½ - 3⅜	3½ - 3⅜	3¾ - 3⅝
Italian Lira	10 - 8	9⅛ - 8⅞	9⅛ - 8⅞	9⅛ - 8⅞	8⅞ - 8½	8⅞ - 8½
Yen	2½ - 2⅛	2½ - 2⅛	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2
Asian $Sing	3½ - 2½	3½ - 2½	3½ - 2½	4 - 3	4 - 3	4¼ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.60	93.57	-	93.60	93.56	699	71,217
Mar	94.39	94.40	+0.02	93.40	94.37	1,587	89,047
Jun	94.99	94.98	+0.02	95.00	94.95	175	49,689
Sep	95.24	95.25	+0.03	95.25	95.22	112	33,286

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.53	96.54	+0.02	96.54	96.53	380	7058
Mar	96.44	96.44	+0.01	96.44	96.44	73	4725
Jun	96.18	96.19	+0.04	96.18	96.18	1	1938
Sep	-	95.90	+0.05	-	-	0	539

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.90	93.87	-0.03	93.91	93.85	11621	181967
Mar	94.65	94.61	-0.03	94.65	94.60	20290	165857
Jun	95.19	95.16	-0.03	95.20	95.15	8378	121744
Sep	95.50	95.45	-0.03	95.51	95.44	4445	98055

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	91.02	90.98	+0.04	91.02	90.98	3093	34557
Mar	91.60	91.58	-	91.61	91.56	1493	39608
Jun	92.07	92.05	-	92.09	92.04	2197	20826
Sep	92.37	92.34	+0.03	92.37	92.33	594	16024

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.59	95.58	-0.03	95.60	95.57	3189	23397
Mar	96.21	96.20	-0.01	96.21	96.18	2274	23480
Jun	96.43	96.44	-	96.45	96.42	456	7835
Sep	96.54	96.56	-	96.56	96.53	151	3369

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.40	93.39	-	93.40	93.38	349	14941
Mar	94.10	94.11	+0.01	94.11	94.10	415	10725
Jun	94.63	94.65	+0.01	94.64	94.63	275	7134
Sep	94.96	94.95	-	94.97	94.96	11	3171

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	96.53	96.54	+0.01	96.54	96.52	26,781	299,564
Mar	96.43	96.46	+0.03	96.46	96.43	26,014	382,585
Jun	96.16	96.20	+0.04	96.20	96.16	28,180	280,068
Sep	95.86	95.90	+0.03	95.91	95.87	13,749	214,020

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	96.89	96.89	+0.01	96.89	96.88	836	9,846
Mar	96.73	96.73	+0.01	96.74	96.73	2,636	22,222
Jun	96.50	96.51	+0.03	96.51	96.49	265	3,447
Sep	-	96.20	-	-	-	2	46

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9375	0.14	0.87	1.42	0.02	0.01	0.01
9400	0.03	0.63	1.18	0.16	0.02	0.02
9425	0.01	0.41	0.95	0.39	0.05	0.04

Est. vol. total, Calls 3667 Puts 1290. Previous day's open int., Calls 249959 Puts 117840

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9550	0.11	0.71	0.96	0.03	0.01	0.02
9575	0.01	0.47	0.72	0.18	0.02	0.03
9600	0	0.25	0.49	0.42	0.05	0.05

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 2816 Puts 2850

UK INTEREST RATES

LONDON MONEY RATES

Nov 29	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 - 5	5½ - 5¼	5⅞ - 5⅝	5⅞ - 5⅝	5⅝ - 5½	5⅝ - 5⅜
Sterling CDs	-	-	5⅝ - 5⅝	5⅝ - 5½	5½ - 5⅜	5⅞ - 5⅜
Treasury Bills	-	-	5⅛ - 5⅜	5 - 4⅞	-	-
Bank Bills	-	-	5⅛ - 5⅛	5⅛ - 5	5⅛ - 5	-
Local authority deps.	5⅛ - 4⅞	5⅛ - 4⅞	5⅝ - 5⅜	5⅝ - 5⅜	5⅝ - 5⅜	5⅝ - 5⅜
Discount market deps.	5¾ - 5	5½ - 5⅜	-	-	-	-

UK clearing bank base lending rate 5½ per cent from November 23, 1993

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1¾	4¼	4	3¾	3¾

Certs of Tax dep. under £100,000 is 2¼pc. Deposits withdrawn for cash 1pc.
Ave. tender rate of discount 4.8668pc. ECGD fixed rate Stg. Export Finance. Make up day November 30, 1993. Agreed rate for period Dec 26, 1993 to Jan 25, 1993, Schemes II & III 6.90pc. Reference rate for period Oct 30, 1993 to Nov 30, 1993, Schemes IV & V 5.818pc. Finance House Base Rate 6pc from Nov 1, 1993

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.64	94.61	-0.01	94.64	94.60	12307	100746
Mar	94.84	94.81	-0.01	94.84	94.80	8096	98039
Jun	94.86	94.86	-0.01	94.88	94.84	5142	77636
Sep	94.80	94.79	-0.01	94.80	94.78	1339	38037

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9450	0.13	0.37	0.47	0.02	0.06	0.11
9475	0.03	0.20	0.30	0.17	0.14	0.19
9500	0	0.09	0.17	0.39	0.28	0.31

Est. vol. total, Calls 24204 Puts 9415. Previous day's open int., Calls 183419 Puts 155806

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	●Rea Brothers	5.5
Allied Trust Bank	5.5	Exeter Bank Limited	7	*Roxburghe Bank Ltd	8
AIB Bank	5.5	Financial & Gen Bank	7	*(In administration)	
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Royal Bk of Scotland	5.5
Bank of Baroda	5.5	Girobank	5.5	●Smith & Williamson Secs.	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	Standard Chartered	5.5
Bank of Cyprus	6	Habib Bank AG Zurich	5.5	TSB	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	●United Bk of Kuwait	5.5
Bank of India	6	Heritable & Gen Inv Bk	5.5	Unity Trust Bank Plc	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Western Trust	5.5
Barclays Bank	5.5	C. Hoare & Co	5.5	Whiteaway Laidlaw	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai	5.5	Wimbledon & Sth West	7
●Brown Shipley	5.5	Julian Hodge Bank	5.5	Yorkshire Bank	5.5
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5		
Citibank NA	5.5	Lloyds Bank	5.5	● Members of British Merchant Banking & Securities Houses Association	
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	* Mount Banking	6		
Coutts & Co	5.5	* (In administration)			
Credit Lyonnais	5.5	NatWestminster	5.5		
Cyprus Popular Bank	6				

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Nov 29 / Sch)

BELGIUM/LUXEMBOURG (Nov 29 / Frs.)

DENMARK (Nov 29 / Kr)

FINLAND (Nov 29 / Mks)

FRANCE (Nov 29 / Frs.)

GERMANY (Nov 29 / Dm.)

ITALY (Nov 29 / Lire)

NETHERLANDS (Nov 29 / Fls.)

NORWAY (Nov 29 / Kroner)

SPAIN (Nov 29 / Pts.)

SWEDEN (Nov 29 / Kronor)

SWITZERLAND (Nov 29 / Frs.)

PACIFIC

JAPAN (Nov 29 / Yen)

HONG KONG (Nov 29 / H.K.$)

MALAYSIA (Nov 29 / MYR)

SINGAPORE (Nov 29 / S$)

AUSTRALIA (Nov 29 / Aust$)

NORTH AMERICA

CANADA

TORONTO (Nov 29 / Can $)

4 pm close

MONTREAL (Nov 29 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Nov 29 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Monday, November 29, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	6.7m	296	-14	NEC	3.7m	762	-46
Nomura Sec	4.5m	1,660	-110	Fujitsu	3.7m	690	-60
NKK	4.3m	221	-9	Kawasaki Steel	3.5m	295	-13
Bk of Tokyo	4.1m	1,440	-90	Sharp	3.4m	1,320	-80
Mitsubishi Hvy	3.8m	588	-17	Hitachi	3.4m	742	-19

INDICES

	Nov 29	Nov 26	Nov 25	1993 High		1993 Low	
Argentina							
General (29/12/77)	(c)	17391.8	17009.4	19367.80	22/10	12157.68	8/3
Australia							
All Ordinaries(1/1/80)	2010.3	2043.1	2042.0	2132.40	1/11	1495.00	13/1
All Mining(1/1/80)	892.2	901.8	890.1	894.59	2/8	584.70	13/1
Austria							
Credit Aktien(30/12/84)	401.65	403.27	404.76	434.58	2/11	308.26	14/1
Traded Index(2/1/91)	1042.5	1047.16	1054.07	1094.43	2/11	712.08	15/1
Belgium							
BEL20 (1/1/91)	1387.29	1392.17	1395.89	1498.83	18/11	1128.46	4/1
Brazil							
Bovespa (29/12/83)	(c)	28219.0	27637.0	97300.00	28/8	7147.2	4/1
Canada							
Metals Minls♦(1975)	(c)	3274.72	3269.89	3288.84	29/11	2743.31	21/1
Composite♦ (1975)	(c)	4220.60	4229.20	4302.88	12/11	3275.80	21/1
Portfolio§§ (4/1/83)	(c)	2018.09	2019.87	2027.41	11/11	1720.97	21/1
Chile							
IPGA Gen (31/12/80)	(u)	3392.4	3372.99	3392.40	26/11	2812.59	10/5
Denmark							
CopenhagenSE(3/1/83)	344.59	344.63	344.09	355.14	4/11	261.80	4/1
Finland							
HEX General(28/12/90)	1507.4	1524.0	1531.2	1607.79	3/11	843.10	22/1
France							
CAC General(31/12/81)	592.24	587.01	584.88	608.73	26/10	471.24	13/1
CAC 40(31/12/87)	2119.30	2120.82	2118.40	2231.86	22/10	1772.21	29/1
Germany							
FAZ Aktien(31/12/58)	785.49	789.25	785.61	803.81	18/11	598.92	14/1
Commerzbank(1/12/53)	2246.20	2253.5	2245.6	2280.40	3/11	1694.30	14/1
DAX (30/12/87)	2043.43	2047.24	2047.71	2095.58	2/11	1516.80	13/1
Greece							
Athens SE(31/12/80)	862.13	841.42	851.98	944.44	13/8	687.72	5/1
Hong Kong							
Hang Seng(31/7/64)	9012.77	9274.42	9286.31	9738.34	15/11	5437.80	4/1
India							
BSE Sens.(1979)	3077.5	3233.1	3077.5	3233.10	26/11	2100.67	23/4
Indonesia							
Jakarta Comp.(10/8/82)	520.46	522.42	524.20	536.46	22/11	273.31	5/1
Ireland							
ISEQ Overall(4/1/88)	1769.04	1786.60	1788.30	1849.27	3/11	1191.19	11/1
Italy							
Banca Comm Ital (1972)	543.89	541.52	538.06	632.86	30/8	448.33	6/1
MIB General (4/1/93)	1198.0	1193.0	1182.0	1300.00	30/8	982.00	11/1
Japan							
Nikkei 225 (16/5/49)	16078.71	16726.37	17222.92	21148.11	13/9	16078.71	29/11
Nikkei 300 (1/10/82)	249.84	264.16	273.03	308.84	10/11	249.84	29/11
Topix (4/1/68)	1350.48	1424.54	1471.85	1698.67	3/9	1250.06	25/1
2nd Section (4/1/68)	1781.94	1857.40	1905.87	2394.87	7/8	1651.72	26/1
Malaysia							
KLSE Comp.(4/4/86)	972.10	976.34	970.31	989.40	22/11	614.38	13/1
Mexico							
IPC (Nov 1978)	(c)	2281.20	2231.14	2281.20	26/11	1504.15	25/2
Netherlands							
CBS TtlRtnGen(End 83)	404.4	406.7	405.4	418.30	4/11	285.70	4/1
CBS All Shr (End 83)	262.1	263.6	263.4	272.09	4/11	198.60	13/1
New Zealand							
Cap. 40 (1/7/86)	2042.55	2058.20	2060.31	2203.59	2/11	1495.37	21/1
Norway							
Oslo SE(Ind)(2/1/83)	968.35	984.57	992.78	1038.73	18/11	669.93	27/1
Philippines							
Manila Comp (2/1/85)	2332.29	2375.59	2350.60	2487.50	3/11	1270.68	4/1
Portugal							
BTA (1977)	2524.2	2533.4	2563.5	2888.00	9/9	1608.20	14/1
Singapore							
SES All-S'pore(2/4/75)	547.32	549.53	546.97	584.35	1/11	394.19	13/1
South Africa							
JSE Gold (28/9/78)	1884.0♥	1891.0	1900.0	2099.00	30/7	775.00	5/1
JSE Indl. (28/9/78)	4840.0♥	4860.0	4847.0	4901.00	19/11	4333.00	19/4
South Korea							
KoreaCompEx(4/1/80)**	804.54	810.04	819.42	848.47	20/11	605.93	6/3
Spain							
Madrid SE (30/12/85)	295.54	297.91	296.78	318.28	22/10	215.80	4/1
Sweden							
AffarsvardnGen (1/2/37)	1291.80	1312.6	1314.0	1435.10	4/11	879.10	29/1
Switzerland							
Swiss Bk Ind (31/12/58)	1191.50	1192.85	1188.14	1192.85	26/11	904.80	11/1
SBC General (1/4/87)	939.90	940.90	936.32	940.90	26/11	678.70	11/1
Taiwan							
WeightedPr.(30/6/66)**	4384.51	4163.99	4196.52	5013.28	7/4	3698.43	9/1
Thailand							
Bangkok SET (30/4/75)	1295.51	1309.57	1309.26	1368.84	12/11	818.84	1/6
Turkey							
Istanbul Cmp.(Jan 1986)	18428.1	17428.1	17195.1	18428.10	29/11	3955.53	1/1
WORLD							
MS Capital Int (1/1/70)$	568.8*	577.7	582.7	587.10	15/10	488.80	13/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1344.70	1348.66	1343.08	1386.16	22/10	1063.02	13/1
Euro Top-100 (26/6/90)	1132.41	1133.60	1132.86	1175.45	22/10	882.73	13/1
JCapelDgns (31/12/88)	(u)	305.74	306.96	316.71	12/11	198.92	4/1
Barings Emerg.(7/1/92)	144.95	143.53	142.11	144.95	29/11	99.81	4/2

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Nov	2110.0	2122.0	+1.0	2126.0	2106.5	486	14,488
Dec	2128.0	2135.0	+0.5	2139.0	2120.0	193	50,799
Jan	2139.5	2146.5	+1.0	2147.0	2136.0	-	459
Mar	2158.0	2168.0	+1.0	2168.0	2158.0	-	15,291

Open interest figures for previous day.

** Sat Nov 27 : Taiwan Weighted Price 4163.99; , Korea Comp Ex 806.51; . Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ♥ Subject to official recalculation.

US INDICES

Dow Jones	Nov 26	Nov 24	Nov 23	1993 High	1993 Low	Since compilation High	Since compilation Low
Industrials	3683.95	3687.58	3674.17	3710.77 (16/11)	3241.95 (20/1)	3710.77 (16/11/93)	41.22 (2/7/32)
Home Bonds	108.59	108.63	108.81	109.77 (18/10)	103.49 (11/1)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1738.69	1711.04	1693.31	1759.98 (16/11)	1453.84 (4/1)	1759.98 (16/11/93)	12.32 (8/7/32)
Utilities	227.00	226.34	225.88	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3703.23 (3709.94) Low 3660.75 (3654.33) (Theoretical♦)
Day's high 3697.36 (3690.37) Low 3675.56 (3672.21) (Actual♦)

Standard and Poors	Nov 26	Nov 24	Nov 23	1993 High	1993 Low	Since compilation High	Since compilation Low
Composite ‡	463.06	462.36	461.03	469.50 (15/10)	429.05 (8/1)	469.50 (15/10/93)	4.40 (1/6/32)
Industrials♥	535.87	535.97	534.42	540.25 (16/11)	496.48 (26/4)	540.25 (16/11/93)	3.82 (21/6/32)
Financial	43.27	43.04	43.08	48.40 (28/9)	39.89 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	255.81	255.13	254.24	260.48 (15/10)	236.21 (8/1)	260.48 (15/10/93)	4.46 (25/4/42)
Amex Mkt Val	463.47	463.51	461.04	484.28 (2/11)	395.84 (8/1)	484.28 (2/11/93)	29.31 (9/12/72)
NASDAQ Cmp	754.87	753.18	746.82	787.42 (15/10)	645.87 (26/4)	787.42 (15/10/93)	54.87 (31/10/72)

■ RATIOS

	Nov 26	Nov 19	Nov 12	Year ago
Dow Jones Ind. Div. Yield	2.71	2.71	2.80	3.14
	Nov 24	Nov 17	Nov 10	Year ago
S & P Ind. Div. yield	2.40	2.38	2.40	2.65
S & P Ind. P/E ratio	27.14	26.86	26.69	27.71

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	463.10	464.20	+1.05	464.50	461.65	13,496	185,867
Mar	-	465.25	+0.95	465.50	464.90	560	14,164
Jun	-	466.30	-	466.60	-	15	2,050
Sep	-	467.70	-	467.80	-	1	439

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Telefonos	2,410,100	58⅛	+1⅛
Paramount	1,791,000	79¾	-⅛
IBM	1,211,000	56	+⅞
Texaco	1,055,500	63⅞	-1⅛
Exxon	1,038,900	61¼	-1½
Philip Morris	944,100	56⅝	+⅜
Riding Bates	924,300	7	-⅛
Tex Util	887,100	44¼	-⅛
Phillips Pet	875,900	28⅝	-1¼
Chevron	872,100	85¾	-4

■ TRADING ACTIVITY

Volume (million)	Nov 26	Nov 24	Nov 23
New York SE	90.112	229.293	259.237
Amex	7.594	14.381	20.410
NASDAQ	(u)	240.057	279.546
NYSE			
Issues Traded	2,448	2,684	2,677
Rises	1,120	1,222	1,154
Falls	660	774	908
Unchanged	668	688	615
New Highs	33	27	17
New Lows	19	32	76

♠ Correction. * Calculated at 15.00 GMT. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close November 29

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
14¾	11½	AAR	0.48	3.5	687	88	14	13½	13¾	+⅛
20⅜	13½	A L Labs A	0.18	1.3	32	1105	14	13⅝	13⅞	+⅛
67¼	54⅜	AMP	1.60	2.8	20	1117	58⅛	57¼	57½	-⅝
72¾	55½	AMR			52	3513	68½	66⅞	67	-⅞
3⅞	1¾	ARX			12	142	3¼	3⅛	3⅛	
51½	28⅞	ASA x	2.00	4.4	29	1264	45¼	43⅞	45¼	-⅛
30¾	22⅝	AbbtL	0.68	2.3	17	9686	29¾	29	29¼	
12⅝	8¾	Abitibi Pr	0.50	4.8	6	32	10¾	10½	10½	-¼
16⅞	8¾	Acpincain			20	100	12⅛	12	12	-⅛
36	25½	ACE Ltd	0.40	1.4	5	238	29⅝	28¾	29¼	+⅛
12	10⅝	ACM Gvt In	1.09	9.1		615	u12⅛	12	12	
10⅛	9⅛	ACM GvOpp	0.80	8.4		196	9⅝	9½	9½	+⅛
10⅛	8¾	ACM Gvt Sp	0.96	9.6		282	10	9⅞	10	
11⅝	10½	ACM Gvt Se	1.09	9.3		1738	u11¾	11½	11¾	+¼
11⅞	9⅝	ACM Man	1.06	9.3		131	11¾	11⅝	11⅝	-⅛
9⅜	8⅝	ACM Managed	0.72	8.0		49	9⅛	9	9	-⅛
12⅞	7¾	AcmeCtv	0.44	4.6	12	108	9⅝	9¼	9½	-⅛
11½	6⅞	Acme Elect			36	29	8¾	8½	8½	-⅛
27¾	18⅞	Acordia	0.44	2.0	12	56	22	21⅞	21⅞	-⅛
18	10⅞	Acuson			61	240	13½	13⅛	13½	+¼
21¾	17¾	Adams Expr	0.52	2.8	0	316	18¼	18	18¼	+⅛
66¼	45½	Ad Micro	3.00	6.2		631	48⅞	48½	48½	-⅜
32¾	17⅝	AdvMic	3.00	15.9	7	5283	19½	18⅞	18⅞	-¼
8⅛	5½	Advest Grp	0.16	2.3	12	22	7	6⅞	6⅞	-⅛
24¾	14¼	Advo Inc	0.08	0.5	78	1564	16¾	16⅜	16½	+⅛
51¾	41½	Aegon ADR	1.23	2.4	11	122	u52⅛	51¾	52⅛	+¼
66¼	43⅞	AetnaL	2.76	4.5	26	862	61⅛	60⅞	60⅞	
34	24⅞	Aflac	0.40	1.5	12	2284	27¾	28½	27½	+⅛
22⅛	16⅞	Ahmanson	0.88	4.7	8	1109	18¾	18⅜	18⅞	+⅛
7¾	3⅞	Aileen Inc			6	58	5⅛	4⅞	5	-⅛
48½	37½	AirPrC	0.92	2.1	24	1857	44⅛	43⅝	43¾	+⅜
33	18⅛	Airbrne Frt	0.30	0.9	28	2027	32½	31¾	32½	+⅜
25½	9⅝	Airgas Inc			41	2289	20¾	20	20⅝	+½
16⅛	10½	Alabama	1.72	10.9	11	116	u16⅛	15¾	15¾	-⅛

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4 pm close November 29

NYSE COMPOSITE PRICES

Continued from previous page

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NASDAQ NATIONAL MARKET

4 pm close November 29

[illegible]							

AMEX COMPOSITE PRICES

4 pm close November 29

[illegible]								

AMERICA

Bond market gives support to US stocks

Wall Street

Falling oil prices, rising bonds and news of strong home sales set the stage for an upbeat opening to the week on US stock markets yesterday, *writes Patrick Harverson in New York*.

At 1pm, the Dow Jones Industrial Average was up 11.45 at 3,695.40. The more broadly based Standard & Poor's 500 was 1.33 higher at 464.39, while the Amex composite was up 2.37 at 461.10, and the Nasdaq composite down 0.20 at 754.67. Trading volume on the NYSE was 155m shares by 1pm.

Conditions were set for a firm start to trading yesterday when bond prices posted early gains. The bond market has rallied strongly over the past three days, primarily because of a sharp fall in oil prices (which was triggered by the failure of oil exporting countries to agree on production cuts), while declines in the value of other key commodities have helped ease fixed-income investors' inflation fears.

The rise in bond prices, meanwhile, has lowered long-term interest rates to below 6.2 per cent. Although analysts have warned that the decline in rates may not last, it has cheered stock markets, which had been unnerved by the rapid rise in interest rates during most of November.

There was also some good news for equity investors on the economy yesterday. Sales of existing homes rose 3.6 per cent in October, a bigger-than-expected increase and the latest in a long line of statistics that suggest the pace of economic growth is quickening.

Among individual stocks, oil companies were again the target of heavy selling because of the drop in oil prices, although the losses were not as severe as on Friday. Texaco fell $1 to $62⅞, Chevron eased $⅝ to $85⅞, Exxon dropped $¼ to $61⅛, Mobil gave up $⅞ at $74⅜ and British Petroleum fell $⅝ to $58.

A positive article about Procter & Gamble in the weekly business newspaper Barron's provided the stock with a big lift, as it rose $2⅝ to $58¼.

Selected retailers were firmer in the expectation of strong Christmas sales. Gap Stores added $1⅝ at $40⅜, JC Penney rose $1 to $54, but Sears, Roebuck, after posting early gains, slipped back to show a decline of $⅝ at $55⅝.

JP Morgan rose $1⅝ to $71 and Bankers Trust added $⅝ at $76½ after the stock of the two banking groups was upgraded by broking house PaineWebber.

Computer stocks which put in a strong performance last week ran into profit-taking. Motorola fell $2¼ to $94, Texas Instruments slipped $1 to $63⅝, and IBM gave up $1¼ at $54⅜.

Canada

TORONTO fell back further at midday on sharp weakness in precious metals and energy shares. The TSE 300 index lost 42 points or 1 per cent before pulling back to trade 37.45 points down at 4,183.16 at mid-session. Turnover was C$273.7m.

The oil and gas sector lost 119.84, or 2.7 per cent, to 4,318.44 after oil prices dived. Soft gold prices hit precious metals, sending the index down 246.03, or 2.4 per cent to 9,869.14. Magna International class A stock gained C$⅝ to C$58 after it agreed to buy a 74 per cent stake in Austria's Porsche unit.

SOUTH AFRICA

Gold shares retreated further, the index sliding 27 to 1,864. The industrial index lost 20 to 4,840 and the overall index 21 to 4,183. De Beers fell 75 cents to R84, Richemont 65 cents to R37.35 and Kloof R1 to R42, but SAB rose R1 to R72.25.

EUROPE

Bourses find few incentives in thin day's trading

Senior bourses in continental Europe showed little impetus yesterday, with thin trading seen in most centres, *writes Our Markets Staff.*

FRANKFURT moved in a narrow range throughout the session, before closing just 3.81 points lower in the DAX index at 2,043.43.

Opinion suggests that the Bundesbank will make no move to cut interest rates at this Thursday's regular meeting, therefore giving little incentive to the market.

Thyssen, the steel group, which is expected to release figures this week lost DM1.50 to DM232.50 in anticipation.

Varta shed more than 6 per cent on news that the battery manufacturer was to cut its dividend. The shares lost DM20.70 to DM315.00.

PARIS weakened very slightly with the CAC-40 index losing 1.32 to 2,119.30, having moved in a range between 2,125 and 2,105.

Oil stocks came under pressure after it was reported that one US broker was placing the European oil sector under review: Elf Aquitaine lost FFr8.10 to FFr416.70 and Total FFr11.00 to FFr303.20.

LVMH went against the trend, rising FFr21 top FFr3,751 on news that it was extending its interests in the publishing sector.

MILAN edged higher in thin volume, the Comit index adding 2.37 to 543.89.

Ferruzzi Finanziaria, however put in a strong showing, gaining L1,374 or 4.6 per cent to L31,253 after a weekend report that foreign creditor banks were coming round to approval of a rescue plan for the group.

Its agro-industrial and chemicals subsidiary Montedison was up L13.30 to L761.60. Montedison savings shares gained L15.30 to L556.50 and Ferruzzi savings shares added L29.60 to L476.40. Shareholders meetings scheduled for later this week have the rescue plan on their agendas.

Among heavily traded blue chips Fiat was down L19 to L3,842, while Sip overcame an early deficit to finish L21 higher at L3,096 and Stet rose L23 to L3,578.

ZURICH continued its consolidation although the strength of the Swiss franc, on the back of last week's good inflation figures, continued to support expectations of lower interest rates. The SMI index eased 3.7 to 2,738.2.

Ciba, topping the actives list, saw the registered share rise SFr15 to SFr784 on buying by a small bank. Foreign selling left Nestlé SFr13 lower at SFr1,169.

CS Holding bearers added SFr10 to SFr3,550 and Elektrowatt rose SFr19 to SFr3,600, still benefiting from last week's rumours that CS Holding may sell its 47 per cent Elektrowatt stake.

Ems-Chemie bearers shed SFr20 to SFr3,980; Pharma Vision, SFr50 higher at SFr3,980, said on Friday it had sold its entire holding.

AMSTERDAM found little excitement and the CBS Tendency index slipped just 0.7 to 136.1. Royal Dutch remained in investors' minds, falling back Fl 2.50 to Fl 191.20, while KLM went in the opposite direction, up Fl 1.70 to Fl 41.60 helped by the prospect of lower costs for fuel.

STOCKHOLM saw further weakness in Volvo B shares, down SKr16 at SKr391, as investors began to accept that the merger with Renault of France would go ahead. The Affärsvärlden general index fell 20.80 to 1,291.80.

Ericsson B's fell a further SKr5 to SKr338.

OSLO was unsettled by weakness in the oil price as the All share index lost 11.25 or 1.9 per cent to 567.6. Turnover was NKr296m.

Norsk Hydro lost NKr2.50 to NKr210 and Saga Petroleum NKr3.5 to NKr72.5.

BRUSSELS edged lower in quiet trade which was disrupted for the last half-hour due to technical problems with electronic trading system. The Bel-20 index fell 4.86 to 1,387.29 although sentiment was said to be still fairly positive because of optimism there would be interest rate cuts soon.

MADRID was weighed down by losses in the banking sector, weakness in futures and profit taking among electrical stocks. The General index shed 2.37 to 295.54. Bank Santander shed Pta190 or 2.9 per cent to Pta6,220 and Banco Central Hispano shed Pta85 to Pta3,220.

ISTANBUL broke another record following the government's reaffirmation of its privatisation programme. The composite index added 1,000.00 or nearly 6 per cent to 18,426.1.

ATHENS gained ground on optimistic expectations over today's budget. The general index rose 2.4 per cent to 862.13 in turnover estimated at DKr3.7bn.

Written and edited by John Pitt and Michael Morgan.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Nov. 29 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1342.63	1343.34	1342.81	1342.39	1342.80	1342.72	1344.05	1344.70
FT-SE Eurotrack 200	1415.90	1417.62	1415.72	1415.78	1415.61	1415.70	1417.47	1417.23

	Nov. 26	Nov. 25	Nov. 24	Nov. 23	Nov. 22
FT-SE Eurotrack 100	1346.66	1343.06	1320.41	1325.47	1331.12
FT-SE Eurotrack 200	1412.67	1410.14	1396.51	1393.67	1390.17

Base value 1000 (26/10/90); High/day: 100 - 1345.06; 200 - 1418.15 Low/day: 100 - 1341.88 200 - 1414.37.

ASIA PACIFIC

Nikkei's fall of 3.9% weakens the region's markets

Tokyo

The Nikkei average fell 3.9 per cent, particularly on selling of bank stocks, and the index closed at a year's low of 16,078.71, *writes Emiko Terazono in Tokyo.*

After opening at the day's high of 16,688.57, the Nikkei declined on a plunge in futures and heavy arbitrage selling. The index crashed below the 16,000 level to 15,671.97 in the early afternoon, but later recovered some of its loss on short-covering and bargain hunting.

The Topix index of all first section stocks dropped 74.06, or 5.2 per cent, to 1,350.48, breaching the 1,400 level for the first time since March 24, but in London the ISE/Nikkei 50 index was only 0.33 off at 1,091.26.

Mr Morihiro Hosokawa, the prime minister, ruled out any possibility of emergency measures to help share prices, while Mr Hirohisa Fujii, the finance minister, said that although he was watching the stock market carefully, no government support was being considered.

Traders said there were no firm technical support levels now that 17,000 on the Nikkei and 1,430 on the Topix had been broken.

Volume was 370m shares, against 339m. Declines overwhelmed rises by 1,025 to 45, with 43 issues unchanged.

Mounting fears about the country's financial system hit bank shares. Some banks remained offered only during the morning session. The fall prompted unwinding of positions in the Topix index, which is heavily weighted in bank shares. The Nikkei banking index lost 7.9 per cent from last Friday, with Industrial Bank of Japan down Y330 to Y2,660 and Dai-Ichi Kangyo Bank Y250 weaker at Y1,770.

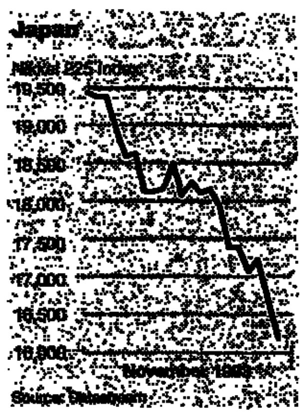
Trust banks lost ground, with Mitsubishi Trust and Banking shedding Y130 to Y1,050 and Yasuda Trust and Banking Y65 to Y675.

Other financial stocks were also weak, with Orix down Y230 to Y3,130 and Nippon Housing Loan off Y5 at Y220. Nomura Securities dipped Y110 to Y1,680 and Nikko Securities Y80 to Y960.

East Japan Railway tumbled Y24,000 to a new low of Y400,000. Nippon Telegraph and Telephone fell Y49,000 to Y636,000.

Department stores were among the few gainers of the day, with Isetan advancing Y80 to Y1,830.

In Osaka, the OSE average dropped 805.22 to 17,871.16 in volume of 22.7m shares.



Roundup

The region, with the exception of Taiwan, fell in line with losses in Tokyo and Hong Kong. Bombay was closed.

HONG KONG finished sharply lower following the collapse of the latest round of Sino-British talks, but late bargain hunting brought the key index off its low to end above the 9,000 level.

The Hang Seng index lost a net 261.65, or 2.8 per cent, at 9,012.77. Turnover amounted to HK$5.6bn.

The index had dropped to 8,870.59 early in the day on fears of a complete breakdown of talks on Hong Kong's political reform plans.

HSBC was the most active issue, falling HK$2 to HK$84.50. Cheung Kong and Hutchison retreated HK$1.25 apiece to HK$35 and HK$31 respectively, while Jardine Matheson lost HK$3 at HK$65.

TAIWAN soared 5.3 per cent in heavy turnover in response to the ruling Nationalist party's victory in Saturday's local government elections.

The weighted index ended 220.53 up at 4,284.51, its highest close since early June. Turnover came to T$46.6bn.

The electronics sector led gains, with Acer and United Microelectronics ending the day's limit up.

SEOUL declined marginally for its fourth consecutive session, with the composite index losing 0.97 at 804.54 in turnover of Won618.8bn.

Some investors showed renewed interest in steel, vehicles and electric and electronics shares on the back of expectations of a better than expected economic recovery.

MANILA fell in reaction to events elsewhere. The composite index slipped 42.95 to 2,332.29 in turnover of 1.1bn pesos.

SINGAPORE resisted sharp falls seen elsewhere, with the Straits Times Industrial index closing off 9.06 at 2,098.92. Volume was a thin 196.7m shares.

AUSTRALIA weakened in line with the region, the All Ordinaries index dropping 32.8, or 1.6 per cent, to 2,010.3. Turnover was A$364.7m.

BHP ended 36 cents cheaper at A$16.50 and News Corp was 34 cents, or nearly 3.5 per cent, down at A$9.68.

Among other leading stocks, CSR dipped 5 cents to A$4.63, Amcor 10 cents to A$9.35, Coles Myer 2 cents to A$5.07 and Boral 5 cents to A$4.02.

CRA receded 24 cents to A$16.82, MIM shed 10 cents to A$2.26, Western Mining lost 8 cents to A$5.98 and North Broken Hill eased a cent to A$3.42.

BANGKOK lost ground in thin trading but closed off the day's lows.

The SET index relinquished 14.06, or 1 per cent, to 1,395.51 in turnover of Bt7.6bn.

Prasit Development, which made its debut yesterday, captured 20 per cent of turnover and closed at Bt129, compared with the offer price of Bt70.

Scandinavia suffers sharp reverses

By Michael Morgan

Equity markets were under pressure last week, with Japan, jittery over the corporate outlook, leading much of the pack lower. This was reflected in a 2.26 per cent fall in the FT-Actuaries World index.

Most of Europe was on a downward track, with the sharpest falls seen in Scandinavian markets.

UBS comments that the steep fall in Ericsson's share price serves as a salutary lesson to all investing in Scandinavia. Foreign holdings have risen sharply in recent months, with foreign investors pumping more than SKr3bn a month into Sweden. "Domestic funds are not able to replace that sort of cash flow. So when foreign investors turn away from a market, stocks can fall sharply," says UBS. "There is, therefore, a real danger to Scandinavian markets if US bond yields rise in the near term, before earnings justify current recovery hopes."

Norway was a casualty of the collapse in oil prices as Opec failed to agree on a reduction in production quotas, although the move is seen as a silver lining for the country's oil shipping sector.

Oslo was also dragged lower on Friday by a 7.1 per cent drop in Hafslund-Nycomed "A" as the pharmaceutical group forecast that current year profits would be held to 1992 levels.

Stockholm remained affected by weakness in Ericsson, in continued response to the previous week's third-quarter results, a reaction that Barclays de Zoete Wedd feels was exaggerated.

BZW contends that there had been encouraging stability in earnings estimates in recent months, while continued undervaluation of the krona within Europe, as well as further dollar strength in 1994, were a recipe for further positive earnings recovery surprises in 1994-95.

Volvo also had a volatile week, with many participants marking the shares lower ahead of a decision on the Renault merger at next Tuesday's egm. But in spite of the reservations of many investors to the link-up, analysts believe the decision of the 4th AP fund, the second largest shareholder, to vote in favour is likely to carry the day. Kleinwort Benson comments that the company presented probably the best set of third-quarter figures in the Swedish market, highlighting the scale of operating earnings recovery. However, it warns that the attraction of the shares as a dollar-exposed turnround story would be minimised if the Renault merger is ratified.

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1993	% change sterling † Start of 1993	% change in US $ † Start of 1993
Austria	-2.34	-3.61	+31.80	+28.87	+24.23	+21.43
Belgium	-0.21	+1.12	+25.00	+25.45	+17.71	+15.06
Denmark	-2.14	-2.61	+35.37	+34.37	+27.18	+24.32
Finland	-3.04	-4.36	+90.89	+90.42	+74.43	+70.52
France	-0.90	-2.18	+25.53	+18.89	+13.65	+11.09
Germany	-1.46	-1.03	+33.88	+32.29	+28.07	+25.19
Ireland	-0.58	-0.65	+50.52	+47.02	+30.34	+27.40
Italy	-0.56	-8.40	+30.90	+27.34	+13.46	+10.90
Netherlands	-0.35	-1.46	+34.60	+31.60	+27.47	+24.61
Norway	-4.92	-7.18	+38.06	+31.56	+25.27	+22.45
Spain	-2.64	-4.35	+37.70	+38.29	+15.92	+13.32
Sweden	-3.70	-8.68	+36.64	+29.33	+11.36	+8.86
Switzerland	+0.14	+1.40	+48.09	+33.51	+33.65	+30.64
UK	+0.11	-1.93	+15.84	+10.81	+10.81	+8.32
EUROPE	-0.63	-2.10	+26.46	+21.47	+17.52	+14.89
Australia	-2.01	-3.22	+36.77	+27.17	+25.39	+22.58
Hong Kong	+0.52	+1.60	+57.36	+70.70	+74.94	+71.01
Japan	-7.44	-12.25	+10.12	+9.77	+29.04	+26.14
Malaysia	-0.90	-0.88	+73.92	+76.72	+84.95	+80.80
New Zealand	-1.90	-5.66	+39.58	+37.28	+49.93	+46.07
Singapore	-0.54	-3.44	+52.18	+41.48	+48.34	+45.02
Canada	-0.54	-0.11	+21.54	+19.82	+17.27	+14.63
USA	+0.16	-1.09	+7.46	+5.88	+8.32	+5.88
Mexico	+2.91	+12.54	+30.84	+24.56	+27.68	+24.82
South Africa	-1.17	+8.00	+42.59	+35.67	+52.28	+48.85
WORLD INDEX	-2.28	-4.43	+14.88	+12.84	+16.46	+15.80

† Based on November 26th 1993. Copyright, The Financial Times Limited, Goldman Sachs & Co, and NatWest Securities Limited.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY NOVEMBER 26 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY NOVEMBER 25 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (69)	153.37	-0.5	153.63	105.33	136.47	153.88	+0.0	3.34	154.13	153.52	105.51	136.91	153.93	162.83	117.39	118.71
Austria (17)	170.20	-0.5	170.50	116.89	151.45	151.28	-0.2	1.05	171.09	170.41	117.13	151.97	151.66	184.47	131.16	137.66
Belgium (42)	153.29	-0.5	153.56	105.27	136.40	137.04	-0.1	4.20	154.07	153.46	105.47	136.85	137.17	156.76	131.19	134.08
Canada (107)	132.56	-0.4	132.80	91.04	117.95	127.57	-0.3	2.62	133.05	132.52	91.08	118.17	127.99	135.54	111.41	112.95
Denmark (32)	231.38	+0.5	231.79	158.91	205.88	213.44	+0.6	1.06	230.27	229.36	157.64	204.54	212.11	241.06	185.11	189.10
Finland (23)	118.70	-0.8	118.91	81.53	105.63	145.50	-0.5	0.72	119.71	119.24	81.96	106.34	146.26	128.99	65.50	70.27
France (98)	163.50	+0.2	163.79	112.26	145.47	151.84	+0.1	3.06	163.14	162.49	111.68	144.90	151.43	173.05	142.72	142.71
Germany (60)	130.25	-0.1	130.48	89.47	115.89	115.89	+0.1	1.82	130.41	129.89	89.29	115.83	115.83	138.13	101.59	104.23
Hong Kong (55)	378.88	+0.0	379.55	260.21	337.15	375.89	+0.0	2.90	379.04	377.53	259.48	336.69	375.97	394.34	216.82	243.23
Ireland (14)	172.99	-0.2	173.30	118.81	153.93	173.31	+0.1	3.27	173.41	172.72	118.71	154.03	173.17	177.89	129.28	131.30
Italy (70)	63.85	+0.6	60.96	41.79	54.14	76.85	+0.8	2.18	60.46	60.22	41.39	53.70	76.30	78.83	53.76	56.33
Japan (469)	132.48	-3.6	132.72	90.99	117.90	90.99	-3.3	0.90	137.38	136.83	94.05	122.04	94.05	165.91	100.75	105.47
Malaysia (69)	472.72	+0.3	473.55	324.65	420.62	465.44	+0.5	1.50	471.23	469.38	322.56	418.55	463.15	487.72	251.66	275.01
Mexico (19)	2056.86	+2.4	2060.46	1412.64	1830.20	7001.83	+2.7	0.70	2008.35	2000.37	1374.88	1783.91	6819.12	2056.86	1410.30	1581.15
Netherland (26)	188.66	-0.2	188.99	129.57	167.87	165.41	+0.0	3.20	188.97	188.22	129.36	167.86	165.38	197.07	150.39	149.80
New Zealand (13)	62.65	-0.7	62.76	43.03	55.75	60.83	-0.3	3.67	63.09	62.84	43.19	56.04	61.04	68.38	40.56	43.04
Norway (23)	168.62	-1.2	168.92	115.81	150.04	170.11	-1.1	1.50	170.72	170.04	116.87	151.64	171.93	186.10	137.71	137.02
Singapore (39)	309.41	-0.3	309.95	212.50	275.31	228.20	+0.0	1.40	310.33	309.10	212.45	275.64	228.31	332.55	207.04	202.48
South Africa (60)	220.44	-0.6	220.83	151.39	196.14	213.20	+0.3	3.53	221.80	220.92	151.84	197.01	212.58	228.39	144.72	143.47
Spain (42)	132.14	-0.1	132.37	90.75	117.58	139.95	+0.3	4.27	132.31	131.78	90.58	117.52	139.52	145.24	115.23	116.88
Sweden (36)	180.23	-0.5	180.54	123.78	160.37	224.18	-0.2	1.56	181.05	180.33	123.94	160.82	224.73	208.92	149.70	165.74
Switzerland (50)	147.64	+0.6	147.90	101.40	131.39	137.07	+0.5	1.56	146.71	146.13	100.44	130.34	136.39	148.16	108.91	106.01
United Kingdom (218)	186.70	+0.0	187.02	128.21	166.11	187.02	+0.5	3.86	186.77	186.02	127.84	165.88	186.02	193.97	162.00	165.71
USA (518)	188.58	+0.2	188.91	129.52	167.81	188.58	+0.2	2.74	188.15	187.40	128.81	167.13	188.15	191.56	175.38	175.88
Europe (751)	156.26	+0.0	156.53	107.32	139.05	151.65	+0.3	3.00	156.21	155.59	106.94	138.76	151.17	162.97	133.92	132.56
Nordic (114)	176.11	-0.3	176.41	120.95	156.70	186.54	-0.1	1.32	176.71	176.00	120.97	156.96	186.79	194.54	142.13	149.04
Pacific Basin (714)	142.36	-3.0	142.61	97.77	126.67	101.49	-2.7	1.19	146.80	146.22	100.50	130.40	104.34	168.80	105.89	110.35
Euro-Pacific (1465)	148.01	-1.7	148.27	101.64	131.69	120.86	-1.4	1.96	150.60	150.00	103.09	133.76	122.63	162.86	117.26	119.94
North America (625)	185.09	+0.2	185.41	127.13	164.72	184.40	+0.2	2.74	184.71	183.98	126.46	164.10	184.02	187.88	171.51	171.98
Europe Ex. UK (533)	136.93	+0.1	137.17	94.06	121.86	130.77	+0.2	2.46	136.83	136.29	93.69	121.57	130.55	143.73	112.51	112.61
Pacific Ex. Japan (245)	237.05	-0.2	237.47	162.83	210.95	220.07	+0.0	2.69	237.42	236.48	162.58	210.91	219.96	245.12	152.70	158.29
World Ex. US (1651)	149.61	-1.6	149.87	102.76	133.13	123.76	-1.3	1.99	152.06	151.45	104.10	135.07	125.41	162.89	118.51	120.29
World Ex. UK (1951)	159.25	-1.0	159.53	109.38	141.72	139.60	-0.9	2.11	160.85	160.21	110.12	142.89	140.80	168.68	134.22	135.46
World Ex. So. Af. (2109)	161.35	-0.9	161.63	110.82	143.58	143.19	-0.7	2.28	162.82	162.17	111.47	144.63	144.24	170.46	137.28	138.18
World Ex. Japan (1700)	178.59	+0.1	178.90	122.67	158.94	175.35	+0.3	2.80	178.38	177.65	122.11	158.45	174.89	181.67	157.47	156.63
The World Index (2169)	161.66	-0.9	161.94	111.03	143.85	143.78	-0.7	2.28	163.13	162.48	111.68	144.91	144.82	170.68	137.32	138.10

Latest prices were unavailable for this edition.